
RED KITE SCHOOLS TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

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RED KITE SCHOOLS TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | L Gibbs R Stretch A Waddy S Walton K Wilson |
| Trustees | S Walton, Chair of Trustees A Garnett A McNaney, Executive Headteacher and Accounting Officer K Morris A Ogden M Park F Sanger (resigned 14 November 2018) G Budgell (appointed 13 November 2019) |
| Company registered number | 07697482 |
| Company name | Red Kite Schools Trust |
| Principal and registered office | White Hill Chesham Buckinghamshire HP5 1BA |
| Company secretary | P Griffiths (until 9 October 2018) S Barrett (appointed 2 January 2019, resigned 31 August 2019) N Wicks (appointed 26 September 2019) |
| Senior management team | A McNaney, Executive Headteacher P Griffiths, Finance and Resources Director (until 9 October 2018) S Barrett, COO (from 2 January 2019 until 31 August 2019) A Martin, CEO (from 1 September 2019) N Wicks, COO (from 1 September 2019) |
| Independent auditors | Landau Baker Limited Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR |
| Bankers | Lloyds TSB PO Box 1000 Andover BX1 1LT |

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

| | |
|-------------------|---|
| Solicitors | Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA |
|-------------------|---|

RED KITE SCHOOLS TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates 2 primary and 1 secondary academies in Chesham. Its academies have a combined a pupil capacity of 1720 and had a roll of 1632 in the school census on 4 October 2019.

Structure, governance and management

a. Constitution

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

The charitable company's memorandum and articles of association is the primary governing document of the Trust.

The Trustees of Red Kite Schools Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Red Kite Schools Trust. Until 1 January 2019 the Trust's name was White Hill Schools Trust .

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

b. Members' liability

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

c. Trustees' indemnities

Subject to the provisions of the Companies Act, every 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.

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

Structure, governance and management (continued)

d. 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:

- The Executive Headteacher
- 5 Trustees appointed by the members
- Additional Trustees appointed by the member-appointed Trustees
- 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.

e. Policies 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.

f. 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, a scheme of delegation and terms of reference. The senior leadership team are 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 Trust, including capital expenditure and senior staff appointments.

The Executive Headteacher assumes the accounting officer role.

g. 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 Trust headteachers. When recruiting new MAT senior staff and Trust headteachers, Trustees benchmark salary ranges against similar posts.

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

Structure, governance and management (continued)

h. 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

a. Objects and aims

The principal object and activity of the Trust during the period was 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 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; the basis for charging pupils.

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

Objectives and activities (continued)

b. Objectives, strategies and activities

The Trust has undertaken self-evaluation activities to correctly identify objectives for the next year. These objectives are:

- To strengthen school improvement support and capacity to accelerate the pace of improvement in sponsored academies.
- To strengthen and consolidate Trust structures and processes to ensure fitness for purpose as the Trust grows.
- To develop and expand Trust capacity so that the Trust can develop as the community MAT of choice within the local area.
- Achieve consistently high standards of teaching and learning.
- Provide local leadership capacity and support.
- Develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them.
- Provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.
- Achieve best value in service delivery especially where partnership working can add value.

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

- 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.
- School improvement – we will ensure that we are on a continuous path of improvement and development within each school and across the Trust.
- A safe environment – we want an environment where safeguarding is central to all our planning and decision making.
- 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.
- Transparency and openness – we are transparent and open and communicate effectively with our stakeholders.
- 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.

The main activities for achieving objectives the Trust will undertake will be:

- Reviewing and increasing school improvement support to sponsored academies.
- Continuing review of structures and processes to ensure appropriateness for planned expansion.
- Developing opportunities for cross-MAT working.
- Succession planning for leadership and management including Board membership.
- Preparing for expansion.

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 Trust's monthly ESFA income in order to provide these services. The percentage retention for the period to 31st August 2019 was 5%.

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

Objectives and activities (continued)

The Trust's Aims are being reviewed and edited in 2019-20.

c. 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:

- Raising money for local, national and international charities.
- Providing community events such as the annual Senior Citizens' Christmas party at Chesham Grammar School
- 6th form Contribution to the Community Scheme.
- Sports Leader programmes that provide sporting activities to local Primary Schools.
- Science College support of local Primary Schools

Strategic report

Achievements and performance

a. Key performance indicators

PRIMARY SCHOOLS:

Ivingswood Academy joined the MAT 1/9/2015 and is a sponsored Academy.

Waterside Primary Academy joined the MAT 1/5/2018 and is also a sponsored Academy.

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

Strategic report (continued)

Achievements and performance (continued)

Key Stage 2 2019 (year 6)

Attainment:

| % meeting age related expectations (ARE) in: | Ivingswood Academy | Waterside Primary Academy | National average |
|--|--------------------|---------------------------|------------------|
| reading | 35% | 50% | 73% |
| writing | 61% | 63% | 78% |
| mathematics | 43% | 58% | 79% |
| In all three | 22% | 42% | 65% |
| Grammar, punctuation and spelling | 52% | tbc | 78% |

Progress:

| | Ivingswood Academy | Waterside Primary Academy | National average |
|-------------------|--------------------|---------------------------|------------------|
| reading score | 0.05 | -3.3 | 0 |
| writing score | 2.28 | -1.4 | 0 |
| mathematics score | 1.37 | -2.3 | 0 |

Key Stage 1 2019 (year 2)

Attainment:

| % meeting age related expectations (ARE) in: | Ivingswood Academy | Waterside Primary Academy | National average |
|--|--------------------|---------------------------|------------------|
| reading | 72% | 70% | 75% |
| writing | 68% | 57% | 70% |
| mathematics | 75% | 70% | 76% |

Year 1 phonics:

| % meeting expected standard | Ivingswood Academy | Waterside Primary Academy | National average |
|-----------------------------|--------------------|---------------------------|------------------|
| | 41% | 94% | 82% |

Early Years Foundation Stage:

| % reaching greater level of development | Ivingswood Academy | Waterside Primary Academy | National average |
|---|--------------------|---------------------------|------------------|
| | 53% | 36% | 72% |

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

Strategic report (continued)

Achievements and performance (continued)

Secondary schools:

Chesham Grammar School is the only secondary school currently in the MAT. It is the founder school and is an Ofsted outstanding school (2014).

In the summer of 2019, the exam results at CGS were outstanding. Both the Progress 8 and Attainment 8 scores placed the school in the top category of all schools nationally. The Progress 8 score was 0.62 and the Attainment 8 score was 73.4. They also showed CGS as the top performing co-educational grammar school in Buckinghamshire. 44.4% of all entries were awarded the two top grades of 9/8 and 67.6 of all entries were awarded 7-9 grades. At A level, the 2019 results were also amongst the best the school has ever had with 77% of all entries graded A*-B.

School Absence Data 2018/19

| | 2018/19 |
|--------------|----------------|
| Authorised | 8.57% |
| Unauthorised | 1.10% |
| Total | 9.67% |

b. 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.

Financial review

During the period, ESFA/LA grants received totaled to £7,849,615. Other income included within restricted funds totalled nil. Restricted fund expenditure totalled to £8,458,265.

The main source of unrestricted income is donations, totaling to £49,261. Fundraising activities during the period included a Christmas Fayre and Summer Fayre.

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 2019 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 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the 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

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

Strategic report (continued)

Financial review (continued)

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 school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

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

a. Reserves policy

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

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

'Reserves' are therefore the resources the 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 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 £19,909,756. This balance includes unrestricted funds (free reserves) of £654,309, which is considered appropriate for the Trust, and restricted funds of £19,255,447, which includes restricted fixed asset funds of £22,928,394 and a pension deficit of (£3,511,000).

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.

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

Strategic report (continued)

Financial review (continued)

b. 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 2019, no investments were held.

c. Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Trust'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 school 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 there was a deficit at 31 August 2019. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Trust 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 formerly fund raise itself. However the individual schools may fund raise in their own right. Some contributions have been received in respect of historic capital projects.

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

Plans for future periods

The Trust is developing its processes and procedures to ensure they are fit for purpose and robust enough for future growth. The Trust changed its name in January 2019 to something more acceptable for a community MAT and has been undertaking productive discussions about expansion with schools in the local area. Two schools have determined to join the Trust and due diligence is underway in both directions. However the top priority for 2019-20 is to accelerate the rate of school improvement at Ivingwood Academy and Waterside Primary Academy with the aim of outcomes that are in line with national figures. Future growth is dependent on this being achieved. Leadership and governance arrangements are being reviewed to ensure the right people are in place when they are needed.

Funds held as custodian on behalf of others

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all 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 17 December 2019 and signed on its behalf by:



S Walton
Chair of Trustees

S Walton

RED KITE SCHOOLS TRUST
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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.

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 9 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 | 9 | 9 |
| A Garnett | 7 | 9 |
| A McNaney, Executive Headteacher and Accounting Officer | 9 | 9 |
| K Morris | 6 | 9 |
| A Ogden | 9 | 9 |
| M Park | 8 | 9 |
| F Sanger (resigned 14 October 2018) | 2 | 2 |

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 at the end of each meeting. In 2018-19 Trustees commissioned an external review of governance.

Key findings noted, actions taken and their impact are noted below:

- Trust has established some robust governance practices
- Trust has appointed Trustees of high calibre with appropriate skills who have shown themselves to be very engaged
- Trustee knowledge of academies is very good and scrutiny of reports is thorough enabling informed and sound decisions

Recommended actions and progress:

1. Develop a formal Trust-wide induction process – under development
2. Consider moving from Trustees as LGB governors to a Link Trustee role –planned when MAT grows
3. Build routine sharing of good governance practice across the Trust – now added to termly agenda of Governance Forum
4. Check LGBs have sound understanding of the Scheme of Delegation and seek feedback via the Governance Forum – ongoing

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

5. Consider using independent external adviser for EHT performance management – planned for when a permanent CEO is in place
6. Review Trustee appointment process – to be carried out after next Trustee appointment
7. Actively seek new governors for Chesham Grammar School from outside parent body to provide greater diversity – one governor already appointed
8. Review appropriateness of size of risk register – revised version under consideration
9. Establish a comprehensive communications plan – plan created
10. Governor training provider – provider identified and services purchase

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, appointing the Responsible Officer and approving and monitoring risks.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| A Ogden (Chairman) | 7 | 7 |
| A Garnett | 6 | 7 |
| A McNaney (executive headteacher and accounting officer) | 7 | 7 |
| K Morris | 5 | 7 |
| M Park | 6 | 7 |
| F Sanger (resigned 14 October 2018) | 1 | 1 |
| S Walton | 7 | 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:

- Some suppliers have discounts negotiated with them
- 3 year contracts are arranged where possible to minimize annual cost increases
- Significant contracts have multiple quotes compared before they are entered into
- A rigorous approval process for orders

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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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The 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
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mike Park, a Trustee, to carry out a programme of internal checks.

The reviewer's role includes 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

On a regular basis, Mike Park the reviewer reports 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 Trustees' financial responsibilities.

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

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GOVERNANCE STATEMENT (CONTINUED)

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 Mike 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 and 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 17 December 2019 and signed on their behalf by:



S Walton
Chair of Trustees



A McNaney
Accounting Officer

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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 2018.

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 2018.

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



A McNaney

Accounting Officer

Date: 17 December 2019

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

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

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

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

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

The 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 17 December 2019 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 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

17 December 2019

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**

In accordance with the terms of our engagement letter dated 12 May 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Red Kite Schools Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Red Kite Schools Trust and the 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 17 December 2019

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

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

| | Note | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 49,261 | - | 199,827 | 249,088 | 4,981,761 |
| Charitable activities | | - | 7,849,615 | - | 7,849,615 | 7,273,742 |
| Other trading activities | | 205,211 | - | - | 205,211 | 154,184 |
| Investments | 6 | 692 | - | - | 692 | 756 |
| Total income | | 255,164 | 7,849,615 | 199,827 | 8,304,606 | 12,410,443 |
| Expenditure on: | | | | | | |
| Charitable activities | 8 | 123,753 | 8,458,265 | 539,399 | 9,121,417 | 8,109,793 |
| Total expenditure | | 123,753 | 8,458,265 | 539,399 | 9,121,417 | 8,109,793 |
| Net income/(expenditure) | | 131,411 | (608,650) | (339,572) | (816,811) | 4,300,650 |
| Transfers between funds | 21 | - | (46,431) | 46,431 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 131,411 | (655,081) | (293,141) | (816,811) | 4,300,650 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 28 | - | (532,000) | - | (532,000) | 610,000 |
| Net movement in funds | | 131,411 | (1,187,081) | (293,141) | (1,348,811) | 4,910,650 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 522,898 | (2,485,866) | 23,221,535 | 21,258,567 | 16,347,917 |
| Net movement in funds | | 131,411 | (1,187,081) | (293,141) | (1,348,811) | 4,910,650 |
| Total funds carried forward | | 654,309 | (3,672,947) | 22,928,394 | 19,909,756 | 21,258,567 |

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

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

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

The notes on pages 29 to 55 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

| | Note | 2019 £ | 2018 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 22,853,022 | 23,113,864 |
| | | <u>22,853,022</u> | <u>23,113,864</u> |
| Current assets | | | |
| Stocks | 16 | 2,680 | 4,566 |
| Debtors | 17 | 302,912 | 491,314 |
| Cash at bank and in hand | | 1,081,792 | 1,207,923 |
| | | <u>1,387,384</u> | <u>1,703,803</u> |
| Creditors: amounts falling due within one year | 18 | (724,238) | (829,856) |
| Net current assets | | <u>663,146</u> | <u>873,947</u> |
| Total assets less current liabilities | | <u>23,516,168</u> | <u>23,987,811</u> |
| Creditors: amounts falling due after more than one year | 19 | (95,412) | (106,244) |
| Net assets excluding pension liability | | <u>23,420,756</u> | <u>23,881,567</u> |
| Defined benefit pension scheme liability | 28 | (3,511,000) | (2,623,000) |
| Total net assets | | <u><u>19,909,756</u></u> | <u><u>21,258,567</u></u> |
| Funds of the Trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 21 | 22,928,394 | 23,221,535 |
| Restricted income funds | 21 | (161,947) | 137,134 |
| | | <u>22,766,447</u> | <u>23,358,669</u> |
| Restricted funds excluding pension asset | 21 | 22,766,447 | 23,358,669 |
| Pension reserve | 21 | (3,511,000) | (2,623,000) |
| Total restricted funds | 21 | <u>19,255,447</u> | <u>20,735,669</u> |
| Unrestricted income funds | 21 | <u>654,309</u> | <u>522,898</u> |
| Total funds | | <u><u>19,909,756</u></u> | <u><u>21,258,567</u></u> |

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 24 to 55 were approved by the Trustees, and authorised for issue on 17 December 2019 and are signed on their behalf, by:



S Walton
Chair of Trustees

The notes on pages 29 to 55 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 2019

| | Note | 2019 £ | 2018 £ |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 23 | (24,711) | (141,710) |
| Cash flows from investing activities | 25 | (85,293) | (317,001) |
| Cash flows from financing activities | 24 | (16,127) | (66,579) |
| Change in cash and cash equivalents in the year | | (126,131) | (525,290) |
| Cash and cash equivalents at the beginning of the year | | 1,207,923 | 1,733,213 |
| Cash and cash equivalents at the end of the year | 26 | <u>1,081,792</u> | <u>1,207,923</u> |

The notes on pages 29 to 55 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 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Red Kite Schools Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

RED KITE SCHOOLS TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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.

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

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 2019**

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.

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 2019

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.

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 2019

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 EFA. Payments received from the EFA 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 2019**

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 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|-------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 49,261 | - | 500 | 49,761 | 60,658 |
| Capital Grants | - | - | 199,327 | 199,327 | 552,420 |
| Grants | - | - | - | - | 4,368,683 |
| | <u>49,261</u> | <u>-</u> | <u>199,827</u> | <u>249,088</u> | <u>4,981,761</u> |
| Total 2018 | <u>36,335</u> | <u>(263,000)</u> | <u>5,208,426</u> | <u>4,981,761</u> | |

RED KITE SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Trust's educational activities

| | Restricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| DfE/ESFA grants | | | |
| General annual grant | 7,317,336 | 7,317,336 | 6,627,331 |
| Other government grants | 38,029 | 38,029 | 215,601 |
| Other DfE/ESFA grants | 322,403 | 322,403 | 272,695 |
| | <u>7,677,768</u> | <u>7,677,768</u> | <u>7,115,627</u> |
| Other government grants | | | |
| Local authority grants | 114,964 | 114,964 | 52,185 |
| Other Income | 56,883 | 56,883 | 105,930 |
| | <u>7,849,615</u> | <u>7,849,615</u> | <u>7,273,742</u> |

5. Income from other trading activities

| | Unrestricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|-----------------|--|---------------------------------------|---------------------------------------|
| Lettings Income | 7,956 | 7,956 | 23,037 |
| Catering Income | 27,852 | 27,852 | 68,265 |
| Trip Income | 115,325 | 115,325 | 18,835 |
| Other Income | 54,078 | 54,078 | 44,047 |
| | <u>205,211</u> | <u>205,211</u> | <u>154,184</u> |

6. Investment income

| | Unrestricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|-------------------|--|---------------------------------------|---------------------------------------|
| Investment income | 692 | 692 | 756 |

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

7. Expenditure

| | Staff Costs 2019 £ | Premises 2019 £ | Other 2019 £ | Total 2019 £ | <i>Total 2018 £</i> |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Educational Activities: | | | | | |
| Direct costs | 5,396,411 | - | 806,356 | 6,202,767 | 5,523,739 |
| Allocated support costs | 1,417,530 | 384,538 | 1,116,582 | 2,918,650 | 2,586,054 |
| | <u>6,813,941</u> | <u>384,538</u> | <u>1,922,938</u> | <u>9,121,417</u> | <u>8,109,793</u> |
| <i>Total 2018</i> | <u><u>6,168,421</u></u> | <u><u>257,731</u></u> | <u><u>1,683,641</u></u> | <u><u>8,109,793</u></u> | |

8. Analysis of expenditure on charitable activities

Summary by fund type

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|------------------------|--|--|---------------------------------------|---------------------------------------|
| Educational Activities | <u>123,753</u> | <u>8,997,664</u> | <u>9,121,417</u> | <u>8,109,793</u> |
| <i>Total 2018</i> | <u><u>29,966</u></u> | <u><u>8,079,827</u></u> | <u><u>8,109,793</u></u> | |

9. Analysis of expenditure by activities

| | Activities undertaken directly 2019 £ | Support costs 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational Activities | <u>6,202,767</u> | <u>2,918,650</u> | <u>9,121,417</u> | <u>8,109,793</u> |
| <i>Total 2018</i> | <u><u>5,523,739</u></u> | <u><u>2,586,054</u></u> | <u><u>8,109,793</u></u> | |

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

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Educational Activities 2019 £ | Total funds 2019 £ | <i>Total funds 2018 £</i> |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| Staff costs | 5,175,720 | 5,175,720 | 4,723,953 |
| Educational consultancy | 17,038 | 17,038 | 17,070 |
| Technology costs | 186,215 | 186,215 | 163,381 |
| Educational supplies | 96,819 | 96,819 | 106,349 |
| Examination fees | 138,025 | 138,025 | 117,616 |
| Staff development and training | 47,735 | 47,735 | 42,712 |
| Teaching supply costs | 220,691 | 220,691 | 112,943 |
| Recruitment & support | 34,855 | 34,855 | 59,509 |
| Other direct costs | 285,669 | 285,669 | 180,206 |
| | <u>6,202,767</u> | <u>6,202,767</u> | <u>5,523,739</u> |

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

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Educational Activities 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Pension finance cost | 66,000 | 66,000 | 70,000 |
| Staff costs | 1,391,114 | 1,391,114 | 1,331,525 |
| Depreciation | 546,654 | 546,654 | 420,821 |
| Technology costs | 17,367 | 17,367 | 50,746 |
| Maintenance of premises and equipment | 134,666 | 134,666 | 103,057 |
| Cleaning | 16,590 | 16,590 | 12,639 |
| Rent and rates | 63,367 | 63,367 | 45,984 |
| Energy costs | 117,711 | 117,711 | 87,646 |
| Insurance | 52,589 | 52,589 | 44,300 |
| Security and transport | 49,545 | 49,545 | 89,166 |
| Catering | 70,736 | 70,736 | 42,162 |
| Other support costs | 135,632 | 135,632 | 128,098 |
| Support staff supply costs | 26,416 | 26,416 | - |
| Other premises costs | 15,085 | 15,085 | 11,924 |
| Professional fees | 201,335 | 201,335 | 135,111 |
| Governance costs | 13,843 | 13,843 | 12,875 |
| | <u>2,918,650</u> | <u>2,918,650</u> | <u>2,586,054</u> |

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2019 £ | 2018 £ |
|---------------------------------------|---------------------|-------------------|
| Depreciation of tangible fixed assets | 546,654 | 420,821 |
| Fees paid to auditors for: | | |
| - audit | 6,750 | 6,750 |
| - other services | 7,075 | 5,625 |
| | <u>7,825</u> | <u>12,375</u> |

RED KITE SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | 2019 £ | 2018 £ |
|-----------------------|-------------------------|-------------------------|
| Wages and salaries | 4,992,030 | 4,592,652 |
| Social security costs | 460,546 | 431,957 |
| Pension costs | 1,114,258 | 1,030,869 |
| | <u>6,566,834</u> | <u>6,055,478</u> |
| Agency staff costs | 247,107 | 112,943 |
| | <u><u>6,813,941</u></u> | <u><u>6,168,421</u></u> |

b. Staff numbers

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

| | 2019 No. | 2018 No. |
|----------------------------|-------------|-------------|
| Teaching | 74 | 73 |
| Administration and support | 57 | 64 |
| Management | 9 | 10 |
| | <u>140</u> | <u>147</u> |

c. Higher paid staff

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

| | 2019 No. | 2018 No. |
|--------------------------------|-----------------|-----------------|
| In the band £60,001 - £70,000 | 1 | 2 |
| In the band £70,001 - £80,000 | - | 1 |
| In the band £80,001 - £90,000 | - | 1 |
| In the band £90,001 - £100,000 | 1 | - |
| | <u><u>1</u></u> | <u><u>-</u></u> |

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

11. Staff costs (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) received by key management personnel for their services to the Trust was £180,664 (2018: £186,146).

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:

| | 2019 £ | 2018 £ |
|---------------------------|----------------|----------------|
| Chesham Grammar School | 277,733 | 273,588 |
| Ivingswood Academy | 46,664 | 38,880 |
| Waterside Primary Academy | 35,727 | 11,996 |
| Total | 360,124 | 324,464 |

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:

| | | 2019 £ | 2018 £ |
|--|----------------------------|-----------|-----------|
| A McNaney, Executive Headteacher and Accounting Officer | Remuneration | 90,000 - | 85,000 - |
| | | 95,000 | 90,000 |
| | Pension contributions paid | 15,000 - | 10,000 - |
| | | 20,000 | 15,000 |

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

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

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 2019 was £885 (2018 - £858).

15. Tangible fixed assets

| | Long-term leasehold property £ | Assets under construction £ | Furniture and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|--------------------------|---|--------------------------------------|------------------------------------|----------------------------|------------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 September 2018 | 24,270,138 | - | 692,086 | 418,570 | 29,384 | 25,410,178 |
| Additions | 66,830 | 169,913 | 43,512 | 5,557 | - | 285,812 |
| At 31 August 2019 | <u>24,336,968</u> | <u>169,913</u> | <u>735,598</u> | <u>424,127</u> | <u>29,384</u> | <u>25,695,990</u> |
| Depreciation | | | | | | |
| At 1 September 2018 | 1,563,934 | - | 365,885 | 337,111 | 29,384 | 2,296,314 |
| Charge for the year | 399,083 | - | 96,894 | 50,677 | - | 546,654 |
| At 31 August 2019 | <u>1,963,017</u> | <u>-</u> | <u>462,779</u> | <u>387,788</u> | <u>29,384</u> | <u>2,842,968</u> |
| Net book value | | | | | | |
| At 31 August 2019 | <u>22,373,951</u> | <u>169,913</u> | <u>272,819</u> | <u>36,339</u> | <u>-</u> | <u>22,853,022</u> |
| At 31 August 2018 | <u>22,706,204</u> | <u>-</u> | <u>326,201</u> | <u>81,459</u> | <u>-</u> | <u>23,113,864</u> |

16. Stocks

| | 2019 £ | 2018 £ |
|---------------|--------------|--------------|
| Closing stock | <u>2,680</u> | <u>4,566</u> |

17. Debtors

RED KITE SCHOOLS TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Debtors (continued)

| | 2019 | 2018 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 65,968 | 10,749 |
| Amounts owed by group undertakings | - | - |
| Other debtors | 125,351 | 184,539 |
| Prepayments and accrued income | 111,593 | 296,026 |
| | 302,912 | 491,314 |

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

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Other loans | 20,507 | 25,802 |
| Trade creditors | 230,911 | 397,846 |
| Amounts owed to group undertakings | - | - |
| Other taxation and social security | 110,050 | 110,140 |
| Other creditors | 179,624 | 100,833 |
| Accruals and deferred income | 183,146 | 195,235 |
| | <u>724,238</u> | <u>829,856</u> |
| | 2019 £ | 2018 £ |
| Deferred income at 1 September 2018 | 131,680 | 28,760 |
| Resources deferred during the year | 66,684 | 131,680 |
| Amounts released from previous periods | (131,680) | (28,760) |
| | <u>66,684</u> | <u>131,680</u> |

At the balance sheet date the academy trust was holding funds received in advance for funding relating to the 2019/20 school year.

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

| | 2019 £ | 2018 £ |
|-------------|---------------|----------------|
| Other loans | <u>95,412</u> | <u>106,244</u> |

RED KITE SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. Financial instruments

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Financial assets | | |
| Financial assets measured at fair value through income and expenditure | 1,081,792 | 1,207,923 |
| Financial assets that are debt instruments measured at amortised cost | 154,971 | 140,935 |
| | <u>1,236,763</u> | <u>1,348,858</u> |
| | 2019 £ | 2018 £ |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(633,897)</u> | <u>(756,888)</u> |

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

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

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

21. Statement of funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|---|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 522,898 | 255,164 | (123,753) | - | - | 654,309 |
| Restricted general funds | | | | | | |
| Restricted Funds - all funds | 137,134 | 7,849,615 | (8,102,265) | (46,431) | - | (161,947) |
| 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 | 199,827 | (539,399) | 46,431 | - | 22,928,394 |
| Total Restricted funds | <u>20,735,669</u> | <u>8,049,442</u> | <u>(8,997,664)</u> | <u>-</u> | <u>(532,000)</u> | <u>19,255,447</u> |
| Total funds | <u>21,258,567</u> | <u>8,304,606</u> | <u>(9,121,417)</u> | <u>-</u> | <u>(532,000)</u> | <u>19,909,756</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 2019.

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

21. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Chesham Grammar School | 393,213 | 461,357 |
| Ivingswood Academy | 24,231 | 32,145 |
| Waterside Primary Academy | 81,555 | 130,977 |
| Red Kite Schools Trust | (6,637) | 35,553 |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 492,362 | 660,032 |
| Restricted fixed asset fund | 22,928,394 | 23,221,535 |
| Pension reserve | (3,511,000) | (2,623,000) |
| | <hr/> | <hr/> |
| Total | 19,909,756 | 21,258,567 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 2019 £ | Total 2018 £ |
|---------------------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Chesham Grammar School | 3,941,956 | 839,866 | 231,449 | 1,257,525 | 6,270,796 | 6,149,143 |
| Ivingswood Academy | 706,224 | 162,408 | 11,843 | 273,880 | 1,154,355 | 1,128,757 |
| Waterside Primary Academy | 643,168 | 206,226 | 2,775 | 252,253 | 1,104,422 | 293,984 |
| Red Kite Schools Trust | 59,479 | 254,614 | - | (268,903) | 45,190 | 117,088 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Trust | 5,350,827 | 1,463,114 | 246,067 | 1,514,755 | 8,574,763 | 7,688,972 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

21. Statement of funds (continued)

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

| | <i>Balance at 1 September 2017 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2018 £</i> |
|---|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 361,589 | 191,275 | (29,966) | - | - | 522,898 |
| Restricted general funds | | | | | | |
| Restricted Funds - all funds | 322,709 | 7,273,742 | (7,336,006) | (123,311) | - | 137,134 |
| Pension reserve | (2,647,000) | (263,000) | (323,000) | - | 610,000 | (2,623,000) |
| | <u>(2,324,291)</u> | <u>7,010,742</u> | <u>(7,659,006)</u> | <u>(123,311)</u> | <u>610,000</u> | <u>(2,485,866)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds- all funds | 18,310,619 | 5,208,426 | (420,821) | 123,311 | - | 23,221,535 |
| Total Restricted funds | <u>15,986,328</u> | <u>12,219,168</u> | <u>(8,079,827)</u> | <u>-</u> | <u>610,000</u> | <u>20,735,669</u> |
| Total funds | <u>16,347,917</u> | <u>12,410,443</u> | <u>(8,109,793)</u> | <u>-</u> | <u>610,000</u> | <u>21,258,567</u> |

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

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 22,853,022 | 22,853,022 |
| Current assets | 654,309 | 657,703 | 75,372 | 1,387,384 |
| Creditors due within one year | - | (724,238) | - | (724,238) |
| 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 |

Analysis of net assets between funds - prior year

| | <i>Unrestricted funds 2018 £</i> | <i>Restricted funds 2018 £</i> | <i>Restricted fixed asset funds 2018 £</i> | <i>Total funds 2018 £</i> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 23,113,864 | 23,113,864 |
| Current assets | 522,898 | 1,073,234 | 107,671 | 1,703,803 |
| Creditors due within one year | - | (829,856) | - | (829,856) |
| Creditors due in more than one year | - | (106,244) | - | (106,244) |
| Provisions for liabilities and charges | - | (2,623,000) | - | (2,623,000) |
| Total | 522,898 | (2,485,866) | 23,221,535 | 21,258,567 |

RED KITE SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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

| | 2019 £ | 2018 £ |
|--|-----------------|------------------|
| Net (expenditure)/income for the year (as per Statement of financial activities) | (816,811) | 4,300,650 |
| Adjustments for: | | |
| Assets gifted from predecessor school | - | (4,368,683) |
| Depreciation | 546,654 | 420,821 |
| Capital grants from DfE and other capital income | (199,827) | (576,743) |
| Interest receivable | (692) | (756) |
| Defined benefit pension scheme cost less contributions payable | 290,000 | 253,000 |
| Defined benefit pension scheme finance cost | 66,000 | 70,000 |
| Decrease in stocks | 1,886 | 8,643 |
| Decrease/(increase) in debtors | 188,402 | (70,917) |
| Decrease in creditors | (100,323) | (177,725) |
| Net cash used in operating activities | (24,711) | (141,710) |

24. Cash flows from financing activities

| | 2019 £ | 2018 £ |
|--|-----------------|-----------------|
| Repayments of borrowing | (16,127) | (66,579) |
| Net cash used in financing activities | (16,127) | (66,579) |

25. Cash flows from investing activities

| | 2019 £ | 2018 £ |
|--|-----------------|------------------|
| Dividends, interest and rents from investments | 692 | 756 |
| Purchase of tangible fixed assets | (285,812) | (894,500) |
| Capital grants from DfE Group | 199,827 | 576,743 |
| Net cash used in investing activities | (85,293) | (317,001) |

RED KITE SCHOOLS TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

26. Analysis of cash and cash equivalents

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Cash in hand | 1,081,792 | 1,207,923 |
| Total cash and cash equivalents | 1,081,792 | 1,207,923 |

27. Capital commitments

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | - | 116,286 |

28. Pension commitments

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

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

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

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

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

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28. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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

Scheme Changes

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £351,000 (2018 - £337,000), of which employer's contributions totalled £276,000 (2018 - £264,000) and employees' contributions totalled £ 75,000 (2018 - £73,000). The agreed contribution rates for future years are 22.8 per cent for employers and 5.5 - 7.5 per cent for employees.

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

Principal actuarial assumptions

| | 2019 | 2018 |
|--|------|------|
| | % | % |
| Rate of increase in salaries | 3.70 | 3.80 |
| Rate of increase for pensions in payment/inflation | 2.20 | 2.30 |
| Discount rate for scheme liabilities | 1.85 | 2.65 |

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

28. Pension commitments (continued)

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

| | 2019 Years | 2018 Years |
|-----------------------------|---------------|---------------|
| <i>Retiring today</i> | | |
| Males | 22.9 | 24.0 |
| Females | 24.8 | 26.1 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.6 | 26.3 |
| Females | 26.7 | 28.5 |

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

| | At 31 August 2019 £ | At 31 August 2018 £ |
|-------------------------------------|---------------------------|---------------------------|
| Equities | 1,999,000 | 1,634,000 |
| Gilts | 967,000 | 750,000 |
| Property | 253,000 | 227,000 |
| Cash | 120,000 | 186,000 |
| Other | 383,000 | 316,000 |
| Total market value of assets | 3,722,000 | 3,113,000 |

The actual return on scheme assets was £85,000 (2018 - £90,000).

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

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Current service cost | (484,000) | (514,000) |
| Past service cost | (79,000) | - |
| Interest income | 87,000 | 69,000 |
| Interest cost | (153,000) | (139,000) |
| Administrative expenses | (3,000) | (3,000) |
| Total amount recognised in the Statement of Financial Activities | (632,000) | (587,000) |

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28. Pension commitments (continued)

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

| | 2019 £ | 2018 £ |
|--------------------------|------------------|------------------|
| At 1 September | 5,736,000 | 5,107,000 |
| Conversion of academies | - | 518,000 |
| Current service cost | 484,000 | 514,000 |
| Interest cost | 153,000 | 139,000 |
| Employee contributions | 75,000 | 73,000 |
| Actuarial losses/(gains) | 729,000 | (589,000) |
| Benefits paid | (23,000) | (26,000) |
| Past service costs | 79,000 | - |
| At 31 August | 7,233,000 | 5,736,000 |

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

| | 2019 £ | 2018 £ |
|------------------------------|------------------|------------------|
| At 1 September | 3,113,000 | 2,460,000 |
| Conversion of academy trusts | - | 255,000 |
| Interest income | 87,000 | 69,000 |
| Actuarial gains | 197,000 | 21,000 |
| Employer contributions | 276,000 | 264,000 |
| Employee contributions | 75,000 | 73,000 |
| Benefits paid | (23,000) | (26,000) |
| Administrative expenses | (3,000) | (3,000) |
| At 31 August | 3,722,000 | 3,113,000 |

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FOR THE YEAR ENDED 31 AUGUST 2019

29. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Not later than 1 year | 37,369 | 43,135 |
| Later than 1 year and not later than 5 years | 27,882 | 34,720 |
| | <u>65,251</u> | <u>77,855</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's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year, the Trust received donations totalling £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 Trust. There were no amounts owing to the Trust at 31 August 2019.

32. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the Trust received £8,900 (2018 - £9,362) and disbursed £2,400 (2018 - £3,000) from the fund. An amount of £34,090 (2018 - £27,591) is included in other creditors relating to undistributed funds that is repayable to ESFA.

