

Company Registration Number: 07663689 (England and Wales)

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Marilyn Moffat
Anthony (Tony) Ashmore
Ann Limb
Chris Wigglesworth
Richard Smith

Trustees

Ann Limb, Chair of Trustees
Richard Smith, Vice Chair of Trustees¹
Kevin Gowans, Trustee¹
Lisa Alexander, Trustee¹
Reynold Lee, Trustee¹
Bob Rymarz, Trustee
Simon Haddy, Trustee¹
Jane Edwards, Trustee
Michelle Currie, Chief Executive
Allan Conway, Trustee (resigned 31 December 2017)
Sarah Conway, Trustee (resigned 20 February 2018)

¹ Personnel, Finance, Facilities and Audit Scrutiny committee

Company registered number

07663689

Company name

Milton Keynes Education Trust

Principal and registered office

Walton High, Brooklands Campus, Fen Street, Brooklands, Milton Keynes, Bucks

Chief executive officer

Michelle Currie

Senior management team

Michelle Currie, Executive Principal Walton High
Sharon Alexander, Principal Walton High
Jane Edwards, Headteacher Heronsgate School
Julie Mickleburgh, Headteacher New Chapter Primary School
Simon Bolger, Headteacher Kents Hill School
Ann Purser, Pastoral Director
David Gibson, Finance Director

Independent auditors

Hillier Hopkins LLP, Radius House, 51 Clarendon Road, Watford, Hertfordshire, WD17 1HP

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors

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

MILTON KEYNES EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

Constitution

Milton Keynes Education Trust (the "academy") is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Milton Keynes Education Trust (MKET) are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice, MKET has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst undertaking Trust business. The insurance provides cover for claims involving financial loss of up to £1,000,000 in any one claim.

Method of recruitment and appointment or election of Trustees

The Trustees have set up procedures that will enable regular reviews to be carried out of the mix of skills that should be available to the Board. New Trustees are then sought with these skills, either as additional or replacements when existing Trustees stand down. The great majority of new Trustees are drawn from the local community being either parents or guardians of pupils at one of the schools or others that have shown an interest in the future well-being of the Trust and its students. Recruitment is therefore through a combination of approaches to individuals with known skills and by wider communications to those within the Milton Keynes area.

New Trustees are appointed to the Board by the Members until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of a four-year term, retiring Trustees are eligible for re-election for a further term of office. Potential new Trustees are interviewed and references are taken up to check their suitability for the role.

Policies and procedures adopted for the induction and training of Trustees

Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. A series of briefings for the Board and the senior

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

management team of the schools as a whole is also designed when necessary based on areas of potential interest and/or concern.

Organisational structure

Structure

<p>Members (5) Signatories to the Memorandum Chair of Board of Trustees Any person unanimously appointed by the Members</p>
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<p>Trustees Up to 10 Trustees appointed by the Members 2 Parent Trustees elected by parent members of LGBs 5 Chairs of MKET LGBs - membership vested in the position not the person - Elected by LGB Chairs 1 Headteacher elected by Headteachers from MKET schools 2 Staff Trustees elected by staff representatives on LGBs</p>
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<p>Local Board of Governors 2 parents - elected - 4 years 2 staff representatives Headteacher Up to 7 appointed by MKET</p>
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MKET overview committees

The Board of Trustees also has the following committees:

- Personnel, Finance, Facilities, and Audit Scrutiny Committee.
- Quality of Provision and Outcomes Committee (New).

Local governing bodies

All MKET schools have their own Local Governing Body (LGB) which is in effect a committee of the Board of Trustees and as such is accountable to the Trust.

The school is accountable to its LGB, which in turn is accountable to parents and the community. A LGB has elected parent and staff representatives and the Trust appoints additional governors. The Trust uses these posts to cover skills gaps in the LGB, hence these posts are often filled by people from the business or not-for-profit community.

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

The value of school governance

LGBs make decisions which are in the best interests of the children and young people at the school. Keeping the decision making as close as possible to those that are affected by the decisions makes for sound and efficient leadership and governance. Fulfilling the role of a school governor is, therefore, both a serious undertaking and enormously rewarding. Not only do governors bring their own knowledge and skills to the role, but, in learning how schools are run they often develop their understanding of leadership. The majority of employers appreciate this and are supportive of their staff taking on the responsibility. In addition, contributing to the growth and development of a school and seeing tangible improvements in the attainment and wellbeing of the children and young people is a satisfying and important contribution to the local community.

The role of the local governing body (LGB)

The LGB is responsible for the conduct of its school and must promote high standards of educational achievement. It is the school's accountable body and as such within MKET's overall aims and policy framework it:

Sets the strategic direction of the school by:

- Setting the values, aims and objectives for the school
- Agreeing the policy framework for achieving those aims and objectives
- Recommending key performance indicators to the Board
- Recommending the school improvement strategy, which includes drafting the budget for approval and suggesting the staffing structure

Challenges and supports the school by monitoring, reviewing and evaluating:

- The implementation and effectiveness of the policy framework
- Progress towards targets
- The implementation and effectiveness of the school improvement strategy
- The budget and the staffing structure

Ensures accountability by:

- Recommending the Board's approval of the Self Evaluation Report
- Drafting responses for the Board's consideration to school improvement and Ofsted reports when necessary
- Holding the Headteacher to account for the performance of the school
- Ensuring parents and pupils are involved, consulted and informed as appropriate
- Making information available to the community

The day-to-day leadership and management of the school is the sole responsibility of the Headteacher supported by the school's Senior Leadership Team.

To fulfil their role, governors need to gain knowledge of how their school operates through training, by attending meetings and by getting to know their school community, for example through visits to the school during the school day.

Governors need to work together as a team under the leadership of the Chair of the LGB and are required to sign that they adhere to a code of conduct.

Meetings

LGBs are required to meet formally a minimum of three times a year, i.e. once a term. Meeting dates are usually set well in advance and usually last up to two hours. Governors need to be well prepared for these meetings and

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

attendance is expected, with apologies only for good reasons.

In addition to full LGB meetings, there are two committees at each school in the Trust which also meet termly:

- Learning, Teaching and Student Welfare
- Personnel, Finance and Facilities

Other committees

Committees and/or working groups meet between governing body meetings. Governors are expected to play a full role in all aspects of governance by volunteering to fulfil specific roles such as being the Special Educational Needs governor, Health and Safety governor or the link governor for a particular year or subject. Most governors arrange a couple of days or half day visits to the school focusing on key priorities so that they can see how the school is addressing issues identified for development or improvement. In addition, informal visits to special events such as drama productions, sports day and open days are encouraged.

Skills and training

Governors do not need specific skills but many of the tasks they are required to undertake can benefit from general business knowledge such as understanding management systems, budget planning and HR functions.

The Trust subscribes to the Governor Development Programme provided by Milton Keynes Council. Ad hoc and in house training is also provided as required.

Support for Governors

Each LGB has a clerk who both advises and services the governing body. MKET has an expenses policy which covers out of pocket costs, including those incurred in caring for dependents. Loss of earnings is not covered but employers are required to release employees for them to conduct their governor role. Release may, however, be unpaid.

Pay policy for key management personnel

The Chief Executive Officer's pay is determined by the Remuneration Committee and benchmarked against similar roles. Arrangements for setting pay for the Senior Leadership team are determined by the respective Teacher and Support Staff Pay Policies.

All pay for key management personnel is determined as an outcome of the performance management process which is used to make recommendations to the relevant Governor Pay Committee as to the level of pay increase as set out in the pay policy. Pay increases can only be actioned with Governor approval.

Trade union facility time

Relevant union officials

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

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Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	11,881,184
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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Connected organisations, including related party relationships

Walton High Venture Trust - The Venture Trust was set up in 2002 with the objects to advance the education of the students at Walton High by providing funds, items and services that it is not the obligation of any statutory authority to provide and the furtherance of any other such general charitable purposes as the Trustees may decide through the provision of grants. Three of the Trustees are from the Walton High governing body and they have the power to co-opt two others from current and former staff and students from Walton High.

Due to its direct relationship with Walton High, the Walton High Venture Trust has an indirect relationship with Milton Keynes Education Trust.

Objectives and Activities

Objects and aims

The educational aims and objectives of Milton Keynes Education Trust (MKET) are based on our commitment to securing social justice through high quality education that promotes inclusion and embraces diversity.

The Trust aims to **enhance** and **enrich** the lives of children and young people by **enabling** them to make the most of outstanding learning opportunities within and beyond the curriculum; instilling an appreciation that there are **no limits** to what they can achieve and developing the attributes needed to successfully shape and respond to the future.

A clear secular moral framework will promote honesty, integrity, tolerance and respect as well as an appreciation of individual and collective responsibility.

In this way we will bring out the very best in our children and young people.

We will realise our aims and secure sustainable school improvement through high quality transformational leadership, professional development and collaborative partnerships.

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

Objectives, strategies and activities

The Trust's principal objective is to provide high quality education and central support services which enables enhances and enriches the lives of children and young people. Through the work of its schools and central support services, the Trust continued to implement these objectives throughout 2017/18.

The main objectives for the Trust's schools for the period 2018-22 are as follows:

- (a) Increase the proportion of students who achieve or exceed the age related expectation in both English (Reading and Writing) and Maths
- (b) Reduce the gap in progress between Disadvantaged and Other students
- (c) Reduce in-school variation between different student groups and subjects

These overarching objectives informed each school's development plans and associated action plans. The Board of Trustees and Local Governing Bodies monitor the implementation of improvement strategies and evaluate their impact on a termly basis.

No	Strategic Targets	Evaluation
1	Phonics screening outcomes at the end of Year 1 and Year 2 are broadly in line with the national average	Achieved
2	Key Stage 1 outcomes in Reading, Writing, Maths and Science broadly in line with the national average	Achieved
3	The proportion of pupils attaining the expected standard in Reading, Writing and Maths combined by the end of Key Stage 2 is at least in line with the national average	Not Achieved
4	At the end of Key Stage 2, all schools have a positive progress score for Reading, Writing and Maths	Not Achieved
5	At the end of Key Stage 4, the Attainment 8 score is at least in line with the national average	Not Achieved
6	At the end of Key Stage 4, the Progress 8 score is at least 0.2	Not Achieved
7a	For Y13 students: the average point score per entry is equal to: <ul style="list-style-type: none"> • academic - Grade C+ 	Achieved
7b	For Y13 students: the average point score per entry is equal to: <ul style="list-style-type: none"> • vocational - Distinction+ 	Not Achieved
8	ALPS™ overall value added score of 3 achieved for A level and Vocational courses with all subjects graded at least 5.	Achieved
9	Whilst maintaining standards for all students, ensure there is no statistically significant gap between the achievement of different groups of children and young people, e.g. disadvantaged/others; boys/girls.	Partially Achieved

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Public benefit

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' annual report.

Benefits & Beneficiaries

In accordance with its charitable objectives, MKET strives to:

- advance the education of the children and young people attending its Academies. The Trust's primary beneficiaries are therefore the students, and benefits to students are provided through continuing to maintain a high standard of education throughout its schools.
- promote for the benefit of the inhabitants of the areas in which the Academies are located, and the surrounding areas, the provision of facilities for recreation and leisure time activities.

Trustees' Assessment of Public Benefit

To determine whether or not the Trust has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of MKET's activities using the range of measures described below.

Strategic report

Key performance indicators

MKET aims to provide high quality education for children and young people in Milton Keynes. Schools sharing the Trust's aims and objectives are welcome to join the Trust in keeping with the strategic priority of growing the Trust in a sustainable manner.

The Trust Schools achievements and performance

SECONDARY SCHOOLS

Walton High

Ofsted grade: Good (2018)

2018 un-validated performance data - Headline measures

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	2017	2018 (Provisional)
Progress 8 score	0.0	0.07
Attainment 8 score Due to changes in the points awarded to GCSE grades in 2018 it is not possible to make a direct comparison with 2017	46.23	44.73
Percentage of pupils who achieved a standard pass or above (Grade 4 +) in English and maths at the end of KS4	64%	59%
Percentage of pupils who achieved a strong pass (grade 5 or above) in English and maths at the end of KS4	41%	37%
Percentage of pupils entered for the English Baccalaureate	43%	43%
Percentage of pupils achieving the English Baccalaureate	22%	19%
Percentage of students staying in education or employment after key stage 4 (destinations)	95%	n/a

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TRUSTEES' REPORT (continued)
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Key Stage 5

	2017	2018
A levels Progress students at Walton High made compared with students across the country	0.18	n/a
Academic qualifications Progress students at Walton High made compared with students across the country	0.22	n/a
Vocational qualifications Progress students at Walton High made compared with students across the country	0.12	n/a
Tech level qualifications Completion and Attainment Score at Walton High compared with students across the country	1.17	n/a
A levels Average grade	C+	C+
Academic qualifications Average grade	C+	C+
Vocational qualifications Average grade	Dist +	Merit +
Tech level qualifications Average grade	n/a	n/a
Progress in GCSE English	1.11	n/a
Progress in GCSE Maths	0.31	n/a
Retention – A Levels (proportion of students who get to the end of the main programme of study that they enrolled on)	88.4%	n/a
Retention – Academic qualifications (proportion of students who get to the end of the main programme of study that they enrolled on)	88.4%	n/a
Retention – Vocational qualifications (proportion of students who get to the end of the main programme of study that they enrolled on)	73.7%	n/a
Retention – Technical qualifications (proportion of students who get to the end of the main programme of study that they enrolled on)	-	n/a
Destinations (percentage of students who continue in education or training, or move on to employment in the year after the end of key stage 5)	85%	n/a

n/a - Information not available.

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

Additional performance data for Walton High can be found at:
<https://www.compare-school-performance.service.gov.uk/school/136842>

PRIMARY SCHOOLS

Ofsted grade

Heronsgate School Good (2017)

New Chapter Primary School Good (2016)

Kents Hill School Good (2017)

Key Stage One and Key Stage Two Results - 2018

Key Stage 2 Results

Subject	Group	Heronsgate (2017)	New Chapter (2017)
R, W, M combined ¹	All	41 (50)	38 (47)
Reading	Expected + All	68 (66)	51 (55)
	Scaled score	103.5 (102.3)	100 (99.9)
	Progress	-1.6	-1.4 (-2.42)
Writing ² (Teacher Assessed)	Expected + All	64 (79)	49 (61)
	Scaled score	99.9	95.2
	Progress	-3.01	-2.2 (-1.68)
Maths	Expected + All	54 (56)	68 (63)
	Scaled score	99.6 (100.7)	102 (101.5)
	Progress	-4.76	0.0
G, P, S	Expected All	71 (70)	68 (63)

¹ Due to changes in how writing was assessed in 2018, it is not possible to make a direct comparison with 2017 for Reading, Writing and Maths combined

² Due to changes in how writing was assessed in 2018, it is not possible to make a direct comparison with 2017 for Writing

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

Key Stage One

Subject	Group	New Chapter (2017)	Kents Hill (2017)
Reading	Expected	71	74
	All	(65)	(85)
Writing	Expected	67	68
	All	(58)	(76)
Maths	Expected	73	78
	All	(69)	(87)
	Higher	2	24
	Others	(14)	(24)

Phonics screening

Subject	Group	New Chapter (2017)	Kents Hill (2017)
Year 1	Expected	79	85
	All	(73)	(65)
Year 2 (RESITS 14 children)	Expected	79	94
	All	(90)	(100)

Year 2 phonics

At both New Chapter and Kents Hill, 94% reached the expected standard in the phonics screening test by end of Key Stage 1. Nationally the figure in 2017 was 92%.

EYFS Good level of development

Subject	Group	New Chapter (2017)	Kents Hill (2017)
EYFS	Expected	72	67
	All	(67)	(65)

Additional performance data can be found at:

Heronsgate School

<https://www.compare-school-performance.service.gov.uk/school/139449>

Kents Hill School

<https://www.compare-school-performance.service.gov.uk/school/141271>

New Chapter Primary School

<https://www.compare-school-performance.service.gov.uk/school/139057>

Going concern

Whilst there are concerns about the future of education funding in general, the Trustees have confidence in the Trust 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 these financial statements and have concluded the Academy Trust has adequate resources to be able to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

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

Financial review

Reserves policy

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the schools and to fund future projects. Trustees measure reserves on the basis of the number of months reserves cover held based on average monthly expenditure during the year.

At the balance sheet date, the Trust had free reserves of £1,088,300 (2017: £1,111,209). The Trustees intend to utilise these reserves in the near future to continue to develop the aims of the Trust, insure against concerns surrounding the reduced funding, and for capital development programmes. The Trust monitors reserves over a three-year period to identify early warning signs in the reserves going forward. This allows Trustees to work with senior management to protect reserves and to adopt strategies to allow the Trust to meet its reserves policy.

The balance on the restricted general funds (excluding pension reserve) is £513,891 (2017: £854,930). Details of the nature of these funds are outlined in note 20.

Material investments policy

The Trustees' investment powers are set down in the Trust's Memorandum and Articles of Association, which permit the investment of monies of the Trust not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

All the Trust's funds to date have been held in Lloyds Bank accounts which attract a return of 0.07% above Base Rate. The Trust's investment policy has been reviewed and consideration given to the use of short-term deposits.

For the period ended 31 August 2018, the Trust's cash balances generated an income of £1,616 (2017: £11,542).

Principal risks and uncertainties

A risk register has been established to identify the principal risks and uncertainties across the Trust, and 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 principal financial risks and uncertainties facing the Academy Trust in 2017/18 related to the rate of per pupil funding and the continuing uncertainty around the implications of the national funding formula. Trustees review three year forecasts on a termly basis to understand the implications on the Trust's reserves, and, alongside senior management are implementing plans to manage cost pressures across the Trust.

There are plans to increase the number of Academies within the Trust which will provide opportunities for further economies of scale as the Trust grows.

The Trustees are aware of the deficit of £5,099,000 (2017: £6,151,000) which is being reported for the Local Government Pension Scheme as at 31 August 2018. Whilst Trustees understand this will ultimately be covered by the Government, the Trust has been subject to an increase in employer contributions which has put additional pressures on Trust funds.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. An actuarial valuation of the Fund was carried out during the previous year which resulted in an increase to contributions of 20% for the period from 1 April 2017 to 31 March 2020.

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The Trust currently participates in the Milton Keynes Academies pool with 26 other employers in order to share experience of risks they are exposed to in the Fund. At the 2013 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their active payroll. The next reallocation was carried out during the year, whereby each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

The Trustees are aware there is significant pressure on the General Annual Grant (GAG) restricted fund. Decisions have been made by the Trustees to use reserves for certain projects. Trustees are aware that a balanced/surplus GAG fund needs to be maintained and will ensure this by reviewing three year forecasts regularly and adopting appropriate strategies to ensure this is achieved going forward.

Fundraising

The Trust operates in accordance with the Charities (Protection and Social Investment) Act 2016.

The Trusts approach to fundraising is to support the independent work of parents and friends groups linked to our individual schools. The Trust does not work with any commercial participators / professional fundraisers. The Trust ensures any fundraising conforms to recognised standards and has received no fundraising complaints. The Trust will ensure protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate on it's behalf.

Plans for future periods

Future developments

The Trust's Improvement priorities for 2018-2020 are to:

- (a) Increase the proportion of students who achieve or exceed the age related expectation in both English (Reading and Writing) and Maths
- (b) Reduce the gap in progress between Disadvantaged and Other students
- (c) Reduce in-school variation between different student groups and subjects

The development plans for the Academies within the Trust will focus on these priorities. Robust self-evaluation of past performance informs future plans and the allocation of resources at school level.

MKET's development plan focuses on how the Trust supports schools to improve the outcomes for children and young people and central resources are deployed to support this work.

The main strategy for improving the quality of teaching and learning will be a continued focus on improving assessment for learning and the implementation of initiatives such as the Read Write Inc. literacy programme for 4-11 year olds and adopting a mastery approach to the teaching of mathematics. Promoting reflective practice by adopting a coaching model of professional development using Iris Connect will be the basis of professional development for teachers.

Funds held as custodian

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

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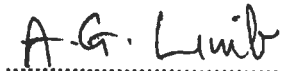
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:


.....
Ann Limb
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Milton Keynes Education 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 Principal, 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 Milton Keynes Education 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 3 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
Ann Limb, Chair of Trustees	2	2
Richard Smith, Vice Chair of Trustees	2	3
Kevin Gowans, Trustee	2	3
Lisa Alexander, Trustee	2	3
Reynold Lee, Trustee	1	3
Bob Rymarz, Trustee	1	3
Simon Haddy, Trustee	1	3
Jane Edwards, Trustee	2	3
Michelle Currie, Chief Executive	3	3
Allan Conway, Trustee	1	1
Sarah Conway, Trustee	1	1

In addition, the Personnel, Finance, Facilities, and Audit Scrutiny Committees and the Learning, Teaching and Student Welfare Committees of the individual Trust schools met termly. The Trust reviews its governance arrangements on an on-going basis. As a result of this process an amendment to the Articles of Association was approved by Special Resolution on 18 June 2015. This amendment to Articles 51 and 52 had the prior approval of the Education & Skills Funding Agency. The change enables the Vice Chair of a Local Governing Body to become an ex-officio Trustee.

The purpose of the Personnel, Finance, Facilities, and Audit Scrutiny Committee is:

Finance

- To oversee the school budgets for all schools in the Trust. Establish and maintain an up to date three-year financial plan for the Trust.
- To recommend to the Board of Directors approval of the consolidated annual budget plan for the forthcoming financial year in accordance with the schedule published by MKET's Finance Director.
- Put in place a process of cash flow forecasting and review such forecasts periodically to ensure that the Trust remains solvent at all times.
- To review the spending and income received in each Trust school.
- To receive termly consolidated management reports, to facilitate the monitoring of the Trust's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary. Such action will be reported to the Local Governing Body and MKET's Finance Director. In all cases liaison must be maintained with other appropriate committees.
- To make decisions or recommendations to the Board of Trustees to requests from Local Governing

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Bodies that will have an impact on the Trust's financial position.

- To make decisions on expenditure within the Trust's delegated powers.
- To review annually the MKET Financial Regulations and Scheme of Delegation.
- To ensure the Register of Pecuniary and Non-Pecuniary Interests is kept up to date and reviewed annually for Trustees and Governors.
- To ensure that funding from the ESFA and other sources is used only in accordance with any conditions attached.
- Ensure that the Trust schools operate within all relevant financial and legal regulations (including Company and Charity Law and the requirements of the Funding Agreement together with all Tax legislation).
- To ensure the Trust schools adhere to the policies and procedures as specified by the Department for Education and the Academies Financial Handbook.
- To ensure that the Trust schools comply with MKET's Scheme of Delegation and associated documents.
- To ensure that all financial controls are adhered to in order to protect against fraudulent or improper use of public money and assets.
- Ensure arrangements are in place for the proper custody of the Trust's assets.
- Undertake, with the Finance Director of MKET, an annual review of the Trust schools' financial management.

Facilities

- In conjunction with the Local Governing Bodies, to ensure that the buildings and grounds within the Trust are inspected annually and that a statement of priorities for maintenance and development is prepared.
- To advise Board of Trustees on priorities, including Health and Safety, for the maintenance and development of Trust premises.
- Ensure that the responsibilities of the Trust are discharged under the Health and Safety at Work Act 1974.

Personnel

- To review the staffing structure of the Trust in consultation with MKET Chief Executive Officer and the Local Governing Bodies.
- To ensure MKET's procedure for recruitment and appointment of staff are followed.
- To oversee the process leading to staff reductions and restructuring.
- To ensure that established procedure when advertising, selecting and appointing new members of staff are followed by the Trust
- To ensure that each Local Governing Body works within MKET's adopted personnel policies, such as discipline, capability, grievance and redundancy.
- To monitor action taken under the capability or disciplinary procedures.
- To ensure MKET's Policy for reviewing the Performance of Staff is implemented.
- To review reports on accidents, near misses and incidents of aggressive behaviour involving MKET central staff.

Audit

- To advise the Board of Directors on the adequacy and effectiveness of the Academy Trust's system of internal financial control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).
- To advise the Board of Directors on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the Internal Audit Service.
- To advise the Board of Directors on the scope and objectives of the work of the financial statements auditor and the Internal Audit Service.
- To ensure effective co-ordination between the Internal Audit Service and financial statements auditor

MILTON KEYNES EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

purposes.

- To consider and advise the Board of Directors on the audit strategy and annual programme of work for the Internal Audit Service.
- To advise the Board of Directors on internal audit reports and on control issues included in the financial statements auditor's management letters, and management's responses to these.
- To monitor, within an agreed time-scale, the implementation of agreed recommendations relating to Internal Audit Service reports and financial statements auditor's management letter.
- To consider and advise the Board of Directors on relevant reports by the National Audit Office, The ESFA and other funding bodies and, where appropriate, management's response to these.
- To establish, in conjunction with Academy Trust management, relevant performance measures and indicators, and to monitor the effectiveness of the Internal Audit Service and financial statements auditor through these measures and indicators.
- To receive and comment on the content of any audit report and to monitor the implementation of the agreed action plan.
- To produce an annual report for the Board of Directors and accounting officer which includes the Committee's advice on the effectiveness of the Academy Trust's risk management, control and governance processes. The report must incorporate any significant matters arising from the work of the Internal Audit Service and the financial statements auditor.
- To ensure that all allegations of fraud and irregularity are properly followed up.
- To receive reports on any additional services undertaken by the Internal Audit Service and the financial statements auditors.
- To exercise its role, the Committee is empowered to:
 - o investigate any activity within its terms of reference;
 - o seek any information it requires from the Internal Audit Service, the external auditor, Trustees, Committees and Academy Trust employees, plus relevant information from sub-contractors and other third parties;
 - o obtain external professional advice.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Reynold Lee, Chair	2	3
Richard Smith	3	3
Lisa Alexander	3	3
Kevin Gowans	1	1
Simon Haddy	1	2

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Using approved purchasing and tendering frameworks to obtain value for money for the purchase of new interactive computer screens for classrooms throughout Walton High and for the provision of an operating lease for them. The Trust's primary schools have benefited from competitive prices and terms that they would not have been able to achieve alone.

MILTON KEYNES EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

- A Trust wide music concert was organised during the year which enabled pupils from the MKET primary schools to join students from Walton High in this production. The concert was staged in The Venue theatre at Walton High thus widening the curriculum use of this facility and giving the younger children a taste of performing on a large stage.
- The Venue at Walton High is a theatre which is used by Walton High and other schools in the Trust. It is however a theatre which has the facilities which attracts amateur, professional and community theatre and music groups. This ensures that this publicly funded theatre is being used in a wider context and therefore achieving value for money in terms of taxpayer resources.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Milton Keynes Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Wilkins Kennedy LLP as internal auditor.

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

- Ensuring compliance with latest Financial Handbook regarding information available on the Academy's website;
- Ensuring the Trust has an up to date Register of Pecuniary Interests;
- Ensuring the Trust has an approved budget;

MILTON KEYNES EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

- Ensuring compliance with the Trust finance manual regarding debtors and payroll; and
- Ensuring effective and secure operation of the accounting system.

On a quarterly basis, the auditor reports to the board of trustees through the Personnel, Finance, Facilities and Audit Scrutiny committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Personnel, Finance, Facilities and Audit Scrutiny committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on their behalf, by:

A. C. Limb

.....
Ann Limb
Chair of Trustees

M. Currie

.....
Michelle Currie
Accounting Officer

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


.....
Michelle Currie
Accounting Officer

Date: 11 December 2018

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

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



.....
Ann Limb
Chair of Trustees

Date: 11 December 2018

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MILTON
KEYNES EDUCATION TRUST**

Opinion

We have audited the financial statements of Milton Keynes Education Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MILTON
KEYNES EDUCATION TRUST**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MILTON
KEYNES EDUCATION TRUST**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Alexander Bottom ACA (Senior Statutory Auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 18th December 2018

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MILTON
KEYNES EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 21 June 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Milton Keynes Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Milton Keynes Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Milton Keynes Education Trust's funding agreement with the Secretary of State for Education dated 24 January 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MILTON
KEYNES EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Hillier Hopkins LLP

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *18th December 2018*

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	24,804	61	101,036	125,901	60,970
Charitable activities	3	601,310	14,278,504	-	14,879,814	14,625,479
Other trading activities	4	247,623	-	-	247,623	289,445
Investments	5	1,616	-	-	1,616	11,542
Total income		<u>875,353</u>	<u>14,278,565</u>	<u>101,036</u>	<u>15,254,954</u>	<u>14,987,436</u>
Expenditure on:						
Raising funds		65,371	-	-	65,371	41,718
Charitable activities		832,891	14,919,809	1,052,768	16,805,468	16,812,409
Total expenditure	6	<u>898,262</u>	<u>14,919,809</u>	<u>1,052,768</u>	<u>16,870,839</u>	<u>16,854,127</u>
Net before transfers		(22,909)	(641,244)	(951,732)	(1,615,885)	(1,866,691)
Transfers between Funds	20	-	(76,795)	76,795	-	-
Net expenditure before other recognised gains and losses		(22,909)	(718,039)	(874,937)	(1,615,885)	(1,866,691)
Actuarial gains on defined benefit pension schemes	25	-	1,429,000	-	1,429,000	1,623,000
Net movement in funds		(22,909)	710,961	(874,937)	(186,885)	(243,691)
Reconciliation of funds:						
Total funds brought forward		<u>1,111,209</u>	<u>(5,296,070)</u>	<u>38,934,401</u>	<u>34,749,540</u>	<u>34,993,231</u>
Total funds carried forward		<u><u>1,088,300</u></u>	<u><u>(4,585,109)</u></u>	<u><u>38,059,464</u></u>	<u><u>34,562,655</u></u>	<u><u>34,749,540</u></u>

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07663689

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	14		-		361
Tangible assets	15		37,993,853		38,860,298
			37,993,853		38,860,659
Current assets					
Debtors	16	509,741		535,149	
Cash at bank and in hand		1,981,220		2,237,808	
		2,490,961		2,772,957	
Creditors: amounts falling due within one year	17	(812,110)		(718,344)	
Net current assets			1,678,851		2,054,613
Total assets less current liabilities			39,672,704		40,915,272
Creditors: amounts falling due after more than one year	18		(11,049)		(14,732)
Net assets excluding pension scheme liabilities			39,661,655		40,900,540
Defined benefit pension scheme liability	25		(5,099,000)		(6,151,000)
Net assets including pension scheme liabilities			34,562,655		34,749,540
Funds of the academy					
Restricted income funds:					
Restricted income funds	20	513,891		854,930	
Restricted fixed asset funds	20		38,059,464		38,934,401
Restricted income funds excluding pension liability			38,573,355		39,789,331
Pension reserve			(5,099,000)		(6,151,000)
Total restricted income funds			33,474,355		33,638,331
Unrestricted income funds	20		1,088,300		1,111,209
Total funds			34,562,655		34,749,540

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 29 to 56 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:

A. G. Limb

.....
Ann Limb
Chair of Trustees

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	22	<u>(176,891)</u>	<u>(277,257)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,616	11,542
Purchase of tangible fixed assets		(185,962)	(388,776)
Capital grants from DfE Group		108,332	55,735
Net cash used in investing activities		<u>(76,014)</u>	<u>(321,499)</u>
Cash flows from financing activities:			
Repayments of borrowings		(3,683)	(3,687)
Net cash used in financing activities		<u>(3,683)</u>	<u>(3,687)</u>
Change in cash and cash equivalents in the year		(256,588)	(602,443)
Cash and cash equivalents brought forward		<u>2,237,808</u>	<u>2,840,251</u>
Cash and cash equivalents carried forward	23	<u><u>1,981,220</u></u>	<u><u>2,237,808</u></u>

MILTON KEYNES EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

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

1. Accounting Policies (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting Policies (continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	16 to 50 years
Furniture and fixtures	-	5 to 15 years
Motor vehicles	-	4 years
Computer equipment	-	5 years

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

1.7 Interest receivable

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

1.8 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.

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NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting Policies (continued)

1.9 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.

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

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

1.13 Pensions

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1. Accounting Policies (continued)

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

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

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

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

1.14 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 Bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

1.15 Fund accounting

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

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

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

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

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation, amortisation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	24,804	61	-	24,865	5,235
Capital Grants	-	-	101,036	101,036	55,735
	<u>24,804</u>	<u>61</u>	<u>101,036</u>	<u>125,901</u>	<u>60,970</u>
<i>Total 2017</i>	<u>5,193</u>	<u>42</u>	<u>55,735</u>	<u>60,970</u>	

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3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	12,729,469	12,729,469	12,531,351
Other DfE and ESFA revenue	-	869,474	869,474	996,810
	<u>-</u>	<u>13,598,943</u>	<u>13,598,943</u>	<u>13,528,161</u>
Other government grants				
Local Authority Grants	-	399,702	399,702	390,031
Other Government Grants	-	6,000	6,000	-
	<u>-</u>	<u>405,702</u>	<u>405,702</u>	<u>390,031</u>
Other funding				
Catering income	515,221	-	515,221	354,908
Trip income	-	141,581	141,581	130,010
Music income	-	106,299	106,299	109,417
Other income	86,089	25,979	112,068	112,952
	<u>601,310</u>	<u>273,859</u>	<u>875,169</u>	<u>707,287</u>
	<u>601,310</u>	<u>14,278,504</u>	<u>14,879,814</u>	<u>14,625,479</u>
<i>Total 2017</i>	<u>441,554</u>	<u>14,183,925</u>	<u>14,625,479</u>	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
School shop income	38,774	-	38,774	22,883
Hire of facilities	208,849	-	208,849	264,825
Other income	-	-	-	1,737
	<u>247,623</u>	<u>-</u>	<u>247,623</u>	<u>289,445</u>
<i>Total 2017</i>	<u>287,708</u>	<u>1,737</u>	<u>289,445</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest from short term deposits	1,616	-	1,616	11,542
<i>Total 2017</i>	<u>11,542</u>	<u>-</u>	<u>11,542</u>	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	-	-	65,371	65,371	41,718
Educational operations:					
Direct costs	9,817,648	-	527,005	10,344,653	10,520,857
Support costs	2,310,773	1,945,532	2,204,510	6,460,815	6,291,552
	<u>12,128,421</u>	<u>1,945,532</u>	<u>2,796,886</u>	<u>16,870,839</u>	<u>16,854,127</u>
<i>Total 2017</i>	<u>12,548,518</u>	<u>890,726</u>	<u>3,414,883</u>	<u>16,854,127</u>	

7. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	10,130,157	6,460,815	16,590,972	16,812,409
<i>Total 2017</i>	<u>10,130,157</u>	<u>6,682,252</u>	<u>16,812,409</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations £	Total 2018 £	Total 2017 £
Agency staff costs	100,237	100,237	29,679
Educational supplies	167,259	167,259	140,401
Examination fees	162,839	162,839	164,596
Consultancy	27,599	27,599	76,615
Trips	218	218	-
Technology costs	145,103	145,103	166,501
Other costs	23,987	23,987	6,742
Wages and salaries	7,868,511	7,868,511	7,633,390
National insurance	594,980	594,980	696,440
Pension cost	1,253,920	1,253,920	1,215,793
	<u>10,344,653</u>	<u>10,344,653</u>	<u>10,130,157</u>
<i>At 31 August 2017</i>	<u>10,130,157</u>	<u>10,130,157</u>	

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
LGPS pension expense	147,000	147,000	148,000
Staff costs	2,163,773	2,163,773	2,872,809
Depreciation and amortisation	1,052,768	1,052,768	1,060,618
Other staff costs	76,109	76,109	81,365
Professional services	137,650	137,650	113,101
Maintenance of premises and equipment	241,955	241,955	277,585
Recruitment	70,231	70,231	56,638
Cleaning and caretaking	438,695	438,695	69,290
Rent & rates	129,883	129,883	117,113
Energy	215,362	215,362	206,100
Insurance	107,864	107,864	91,804
Security & transport	40,922	40,922	46,046
Technology costs	301,149	301,149	188,360
Catering	764,833	764,833	368,850
Bank interest and charges	146	146	397
Other costs	288,986	288,986	464,161
Governance costs	46,840	46,840	41,995
Equipment	236,649	236,649	478,020
	<u>6,460,815</u>	<u>6,460,815</u>	<u>6,682,252</u>
<i>At 31 August 2017</i>	<u>6,682,252</u>	<u>6,682,252</u>	

MILTON KEYNES EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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8. Staff costs

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	9,391,352	9,449,093
Social security costs	740,304	830,823
Operating costs of defined benefit pension schemes	1,749,528	2,138,516
	11,881,184	12,418,432
Agency staff costs	100,237	71,586
Staff restructuring costs	-	8,500
Pension cost	147,000	148,000
	12,128,421	12,646,518

Staff restructuring costs comprise:

	2018	2017
	£	£
Severance payments	-	8,500
	-	8,500

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

Included in staff costs is an individual non-statutory severance payment of £nil (2017: £8,500).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	196	183
Administration and support	206	191
Management	7	8
	409	382

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	0	3
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1

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

8. Staff costs (continued)

Of the above employees, all 4 participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, employer's pension contributions for these staff amounted to £57,874.

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £596,394 (2017: £602,212).

9. Trustees' remuneration and expenses

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

		2018	2017
		£	£
Michelle Currie, Chief Executive	Remuneration	105,000-110,000	<i>105,000-110,000</i>
	Pension contributions paid	15,000-20,000	<i>15,000-20,000</i>
J Mickleburgh	Remuneration	nil	<i>25,000-30,000</i>
	Pension contributions paid	nil	<i>0-5,000</i>
J Edwards	Remuneration	75,000-80,000	<i>45,000-50,000</i>
	Pension contributions paid	10,000-15,000	<i>5,000-10,000</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £134 to 1 Trustee).

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NOTES TO THE FINANCIAL STATEMENTS
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10. Central services

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

- Human Resources
- Financial Services
- Legal Services
- Educational Support Services
- Others as arising

The academy charges for these services on the following basis:

The Trust charges for these services on a flat 5% of GAG income.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Walton High	458,015	447,120
New Chapter Primary School	76,724	77,259
Heronsgate School	92,255	97,253
Kents Hill School	32,224	37,593
	659,218	659,225
Total	659,218	659,225

11. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,052,407	1,060,618
Amortisation of intangible fixed assets	361	955
Auditors' remuneration - audit	17,000	-
Auditors' remuneration - other services	3,500	-
Operating lease rentals	273,582	232,797
Prior auditors' remuneration - audit	-	20,000
Prior auditors' remuneration - other services	-	11,450
	1,346,850	1,325,820
	1,346,850	1,325,820

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £3,967 (2017 - £3,833).

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

13. Other finance charge

	2018	2017
	£	£
Interest income on pension scheme assets	(185,000)	(134,000)
Interest on pension scheme liabilities	332,000	282,000
	147,000	148,000
	147,000	148,000

14. Intangible fixed assets

	Computer Software £
Cost	
At 1 September 2017 and 31 August 2018	14,245
Amortisation	
At 1 September 2017	13,884
Charge for the year	361
At 31 August 2018	14,245
Carrying amount	
At 31 August 2018	-
<i>At 31 August 2017</i>	361

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

15. Tangible fixed assets

	Freehold property £	Furniture and fixtures £	Motor vehicles £	Assets under construction £	Computer equipment £	Total £
Cost						
At 1 September 2017	43,367,469	994,920	-	-	-	44,362,389
Additions	6,728	132,756	-	46,478	-	185,962
Transfer between classes	-	(428,107)	68,222	-	359,885	-
At 31 August 2018	<u>43,374,197</u>	<u>699,569</u>	<u>68,222</u>	<u>46,478</u>	<u>359,885</u>	<u>44,548,351</u>
Depreciation						
At 1 September 2017	5,179,815	322,276	-	-	-	5,502,091
Charge for the year	919,637	67,182	5,025	-	60,563	1,052,407
Transfer between classes	-	(170,073)	43,452	-	126,621	-
At 31 August 2018	<u>6,099,452</u>	<u>219,385</u>	<u>48,477</u>	<u>-</u>	<u>187,184</u>	<u>6,554,498</u>
Net book value						
At 31 August 2018	<u>37,274,745</u>	<u>480,184</u>	<u>19,745</u>	<u>46,478</u>	<u>172,701</u>	<u>37,993,853</u>
At 31 August 2017	<u>38,187,654</u>	<u>672,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,860,298</u>

During the year the property was redesignated within the accounts as freehold property.

Included in freehold property is land of £8,945,235 not depreciated.

16. Debtors

	2018 £	2017 £
Trade debtors	23,494	30,427
Other debtors	86,597	174,482
Prepayments and accrued income	399,650	330,240
	<u>509,741</u>	<u>535,149</u>

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

17. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Other loans	3,684	3,684
Trade creditors	328,950	247,177
Other taxation and social security	216,851	215,863
Other creditors	11,341	429
Accruals and deferred income	251,284	251,191
	812,110	718,344

At the balance sheet date, the Academy Trust was holding funds received in advance for music lessons of £13,917 (2017: £16,068), catering of £58 (2017: £5,456), school uniform of £nil (2017: £8,739) and various grants relating to activities in the next financial year of £158,145 (2017: £87,110).

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	117,373	145,981
Resources deferred during the year	172,120	117,373
Amounts released from previous years	(117,373)	(145,981)
Deferred income at 31 August 2018	172,120	117,373

The Salix loan is interest free and is repayable by half-yearly instalments. The final instalment is due in March 2022.

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

	2018	2017
	£	£
Other loans	11,049	14,732

19. Financial instruments

	2018	2017
	£	£
Financial assets measured at amortised cost	307,581	253,988
Financial liabilities measured at amortised cost	423,139	397,103

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	1,111,209	875,353	(898,262)	-	-	1,088,300
Restricted funds						
General Annual Grant (GAG)	-	12,729,469	(12,729,469)	-	-	-
Other DfE / ESFA grants	752,064	869,474	(1,030,852)	(76,795)	-	513,891
Kents Hill Care Club	102,866	-	(102,866)	-	-	-
Other funding	-	679,622	(679,622)	-	-	-
Pension reserve	(6,151,000)	-	(377,000)	-	1,429,000	(5,099,000)
	<u>(5,296,070)</u>	<u>14,278,565</u>	<u>(14,919,809)</u>	<u>(76,795)</u>	<u>1,429,000</u>	<u>(4,585,109)</u>
Restricted fixed asset funds						
Fixed assets	38,637,644	-	(1,052,768)	408,977	-	37,993,853
DfE / ESFA capital grants	296,757	101,036	-	(332,182)	-	65,611
	<u>38,934,401</u>	<u>101,036</u>	<u>(1,052,768)</u>	<u>76,795</u>	<u>-</u>	<u>38,059,464</u>
Total restricted funds	<u>33,638,331</u>	<u>14,379,601</u>	<u>(15,972,577)</u>	<u>-</u>	<u>1,429,000</u>	<u>33,474,355</u>
Total of funds	<u><u>34,749,540</u></u>	<u><u>15,254,954</u></u>	<u><u>(16,870,839)</u></u>	<u><u>-</u></u>	<u><u>1,429,000</u></u>	<u><u>34,562,655</u></u>

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

The General Annual Grant (GAG) Fund represents the core funding for the educational activities of the school that has been provided to the Academies via the Education & Skills Funding Agency by the Department for Education. The GAG Fund has been set up because the GAG must be used for the normal running costs of the Academy.

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

The fixed assets fund has been set up to recognise the tangible assets gifted to and purchased by the Trust following initial conversion. Depreciation charged on those inherited assets is allocated to the fund.

The DfE/ESFA capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the Trust. Transfers are made to the restricted fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

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20. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Walton High	583,953	918,736
New Chapter Primary School	467,355	445,612
Heronsgate School	254,004	230,842
Kents Hill School	223,097	232,687
Central Services	73,782	138,262
	<u>1,602,191</u>	<u>1,966,139</u>
Total before fixed asset fund and pension reserve		
Restricted fixed asset fund	38,059,464	38,934,401
Pension reserve	(5,099,000)	(6,151,000)
	<u>34,562,655</u>	<u>34,749,540</u>
Total		

Analysis of academies by cost

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 2018 £	Total 2017 £
Walton High	6,458,636	1,304,874	433,601	2,351,590	10,548,701	10,437,992
New Chapter Primary School	1,141,967	184,788	20,871	217,604	1,565,230	1,590,480
Heronsgate School	1,379,694	203,704	61,934	295,682	1,941,014	2,060,621
Kents Hill School	615,429	188,755	9,402	151,505	965,091	1,033,087
Central Services	221,922	428,652	1,197	146,265	798,036	670,374
	<u>9,817,648</u>	<u>2,310,773</u>	<u>527,005</u>	<u>3,162,646</u>	<u>15,818,072</u>	<u>15,792,554</u>

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
Unrestricted funds	1,162,285	863,562	(877,993)	(36,645)	-	1,111,209

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20. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	-	12,670,732	(12,707,377)	36,645	-	-
Other DfE / ESFA grants	1,159,245	1,289,663	(1,345,278)	(351,566)	-	752,064
Kents Hill Care Club	92,027	107,744	(96,905)	-	-	102,866
Pension reserve	(7,009,000)	-	(765,000)	-	1,623,000	(6,151,000)
	<u>(5,757,728)</u>	<u>14,068,139</u>	<u>(14,914,560)</u>	<u>(314,921)</u>	<u>1,623,000</u>	<u>(5,296,070)</u>

Restricted fixed asset funds

Restricted fixed asset funds	995,705	-	-	351,566	-	1,347,271
Fixed assets	38,180,256	-	(889,883)	-	-	37,290,373
DfE / ESFA capital grants	412,713	55,735	(171,691)	-	-	296,757
	<u>39,588,674</u>	<u>55,735</u>	<u>(1,061,574)</u>	<u>351,566</u>	<u>-</u>	<u>38,934,401</u>
Total restricted funds	<u>33,830,946</u>	<u>14,123,874</u>	<u>(15,976,134)</u>	<u>36,645</u>	<u>1,623,000</u>	<u>33,638,331</u>
Total of funds	<u><u>34,993,231</u></u>	<u><u>14,987,436</u></u>	<u><u>(16,854,127)</u></u>	<u><u>-</u></u>	<u><u>1,623,000</u></u>	<u><u>34,749,540</u></u>

21. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	37,993,853	37,993,853
Current assets	1,088,300	1,337,050	65,611	2,490,961
Creditors due within one year	-	(812,110)	-	(812,110)
Creditors due in more than one year	-	(11,049)	-	(11,049)
Provisions for liabilities and charges	-	(5,099,000)	-	(5,099,000)
	<u>1,088,300</u>	<u>(4,585,109)</u>	<u>38,059,464</u>	<u>34,562,655</u>

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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Intangible fixed assets	-	-	361	361
Tangible fixed assets	-	-	38,860,298	38,860,298
Current assets	1,111,209	1,588,006	73,742	2,772,957
Creditors due within one year	-	(718,344)	-	(718,344)
Creditors due in more than one year	-	(14,732)	-	(14,732)
Provisions for liabilities and charges	-	(6,151,000)	-	(6,151,000)
	<u>1,111,209</u>	<u>(5,296,070)</u>	<u>38,934,401</u>	<u>34,749,540</u>

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,615,885)	(1,866,691)
Adjustment for:		
Depreciation charges	1,052,407	1,060,618
Investment income	(1,616)	(11,542)
Decrease/(increase) in debtors	25,408	(191,464)
Increase in creditors	93,766	21,602
Capital grants from DfE and other capital income	(108,332)	(55,735)
Defined benefit pension scheme settlements	(244,000)	-
Defined benefit pension scheme cost less contributions payable	474,000	612,000
Defined benefit pension scheme finance cost	147,000	153,000
Amortisation	361	955
Net cash used in operating activities	<u>(176,891)</u>	<u>(277,257)</u>

23. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	1,981,220	2,237,808
Total	<u>1,981,220</u>	<u>2,237,808</u>

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24. Capital commitments

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

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	78,580

25. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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25. Pension commitments (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £982,284 (2017 - £957,515).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £699,000 (2017 - £745,000), of which employer's contributions totalled £532,000 (2017 - £564,000) and employees' contributions totalled £167,000 (2017 - £181,000). The agreed contribution rates for future years are 20% for employers and 8.5% for employees.

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

Principal actuarial assumptions:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	<i>2017</i>
Retiring today		
Males	24.0	23.9
Females	26.1	26.0
Retiring in 20 years		
Males	26.3	26.2
Females	28.5	28.3

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25. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	3,979,000	3,988,000
Gilts	895,000	693,000
Corporate bonds	930,000	930,000
Property	555,000	527,000
Cash and other liquid assets	453,000	244,000
Alternative assets	768,000	758,000
	<u>7,580,000</u>	<u>7,140,000</u>

The actual return on scheme assets was £238,000 (2017 - £770,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	<i>2017 £</i>
Current service cost	(1,006,000)	(1,176,000)
Employer contributions	532,000	564,000
Interest income	185,000	134,000
Interest cost	(332,000)	(282,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	251,000	-
Administrative expenses	(7,000)	(5,000)
	<u>(377,000)</u>	<u>(765,000)</u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	13,291,000	12,886,000
Current service cost	1,006,000	1,176,000
Interest cost	332,000	282,000
Employee contributions	167,000	181,000
Actuarial gains	(1,376,000)	(899,000)
Benefits paid	(259,000)	(335,000)
Effect of non-routine settlements	(482,000)	-
	<u>12,679,000</u>	<u>13,291,000</u>

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25. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	7,140,000	5,877,000
Interest income	185,000	134,000
Actuarial losses	53,000	724,000
Employer contributions	532,000	564,000
Employee contributions	167,000	181,000
Benefits paid	(259,000)	(335,000)
Effect of non-routine settlements	(231,000)	-
Administrative expenses	(7,000)	(5,000)
	<u>7,580,000</u>	<u>7,140,000</u>
Closing fair value of scheme assets	<u>7,580,000</u>	<u>7,140,000</u>

26. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	272,466	280,632
Between 1 and 5 years	279,840	316,478
	<u>552,306</u>	<u>597,110</u>
Total	<u>552,306</u>	<u>597,110</u>

27. Members' liability

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

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28. Related party transactions

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

Trustees' remuneration and expenses are disclosed in note 9.

The following related party transaction took place in the period of account

Ambivent Limited - a company in which Mr S Haddy (a governor at New Chapter primary school) is a Non-executive Director.

- The trust purchased facilities management services from Ambivent Limited totalling £3,420 (2017: £4,560) during the period. Amounts outstanding at 31 August 2018 was £4,104 (2017: £nil).
- The Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Haddy neither participated in, nor influenced.

29. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £30,364 and disbursed £24,879 from the fund. An amount of £5,485 is included in other creditors relating to undistributed funds that is repayable to ESFA. In the previous period, the Academy Trust retained a beneficial interest in individual transactions such that £34,706 was recognised as income and £26,978 as expenditure in the statement of financial activities.

During the year the Academy Trust transferred the administration of the MK Secondary Heads group to another school. The opening creditor of £1,350 was transferred, with £nil (2017: £3,600) being received into the fund and £nil (2017: £2,250) being disbursed in the year.