

MKET

Milton Keynes Education Trust



MILTON KEYNES EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2017

Company No. 07663689

MILTON KEYNES EDUCATION TRUST
ANNUAL REPORT
for the year ended 31 August 2017

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MILTON KEYNES EDUCATION TRUST
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The Trustees present the report and financial statements of Milton Keynes Education Trust (also referred to as the "Academy Trust" or "MKET") for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

REFERENCE AND ADMINISTRATIVE DETAILS

The Trustees of the charity, who are also Directors of the company, are as follows:

Michelle Currie	Chief Executive Officer/Executive Principal Walton High/MKET Accounting Officer/Scrutiny Quality of Provision and Outcomes Committee	
Reynold Lee	Chair of Personnel, Finance, Facilities and Audit Scrutiny Committee	(Appointed 1 January 2017)
Lisa Alexander	Personnel, Finance, Facilities, and Audit Scrutiny Committee	
Kevin Gowans	Personnel, Finance, Facilities and Audit Scrutiny Committee	
Madeleine Vigar	Quality of Provision and Outcomes Committee	(Appointed 1 January 2017)
Jane Edwards	Quality of Provision and Outcomes Committee	(Appointed 1 January 2017)
Richard Smith	Personnel, Finance, Facilities, and Audit Scrutiny Committee	
Allan Conway		(Appointed 1 January 2017)
Sarah Conway	Quality of Provision and Outcomes Committee	(Appointed 1 January 2017)
Bob Rymarz	Chair of Governors of Walton High	(Appointed 26 January 2017)
Ann Limb	Chair	(Appointed 3 November 2017)
Sheila Bushnell	Company Secretary	

The following Trustees resigned during the year:

Marilyn Moffat	(Resigned 15 September 2016)
Ruth McLean	(Resigned 16 December 2016)
Julie Mickleburgh	(Resigned 31 December 2016)
Robert Duff	(Resigned 23 March 2017)
Anthony Ashmore	(Resigned 10 September 2017)
Madeleine Vigar	(Resigned 20 September 2017)

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The senior management team are as follows:

Michelle Currie	Executive Principal Walton High	
Sharon Alexander	Principal Walton High	
Jane Edwards	Headteacher Heronsgate School	
Julie Mickleburgh	Headteacher New Chapter Primary School	
Linda Coveney	Headteacher Kents Hill School	
Ann Purser	Pastoral Director	
Shane Carter	Finance Director	(Resigned 1 September 2017)
David Gibson	Finance Director	(Appointed 18 October 2017)

The principal address of the charity and the registered office of the Trust are the premises of Walton High at Fyfield Barrow, Walnut Tree, Milton Keynes, Buckinghamshire, MK7 7WH.

MKET is an exempt charity that is not therefore required to register with the Charity Commission. The company is incorporated with the company registration number 07663689.

The Trustees have made the following professional appointments:

Solicitor:	Stone King LLP, Wellington House, East Road, Cambridge, CB1 1BH
Independent Auditor:	RSM UK Audit LLP, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP
Banker:	Lloyds Bank, MK Commercial Centre, 28 Secklow Gate West, Lloyds Court, Milton Keynes, Buckinghamshire, MK9 3EH

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Trust is an exempt charity and a company limited by guarantee, not having share capital. The Memorandum and Articles of Association are the primary governing documents of the Trust.

The current members of the Trust are Richard Smith, Sarah Conway, Marilyn Moffat, Chris Wigglesworth and Anthony Ashmore.

The Trust was incorporated on 9 June 2011 and is governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 9 June 2011.

The Trustees are the Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purpose of charity legislation.

MKET was set up as a multi-academy trust. In its first year of operation it ran one co-educational secondary school located in Milton Keynes known as Walton High. Walton High was originally a local authority school founded in 1999. It converted to academy status on 1 July 2011. Two schools joined the Trust during 2012/13 - New Chapter Primary School (1 January 2013) and Heronsgate School, which caters for children in Key Stage 2 (1 April 2013). Kents Hill School, which caters for children in Key Stage 1, joined the Trust on 1 September 2014. The new Brooklands Campus opened during the year as an extension to Walton High.

ADMISSIONS POLICIES AND CATCHMENT AREAS

Currently all MKET schools are found within Milton Keynes itself. Each school in the MKET has its own Admissions Policy which is available to view on the individual school's website. For each school the initial Admissions criteria is its defined area and in the event of oversubscription "Looked After" children are prioritised in the first instance.

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PRINCIPAL ACTIVITIES

The Trust was set up to:

- advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing one or more Academies offering a broad and balanced curriculum, and
- 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.

MEMBERS' LIABILITY

Every member of the charitable company undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

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. Public Liability insurance of £25,000,000 also covers the Board of Trustees for claims involving personal injury, property damage etc.

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.

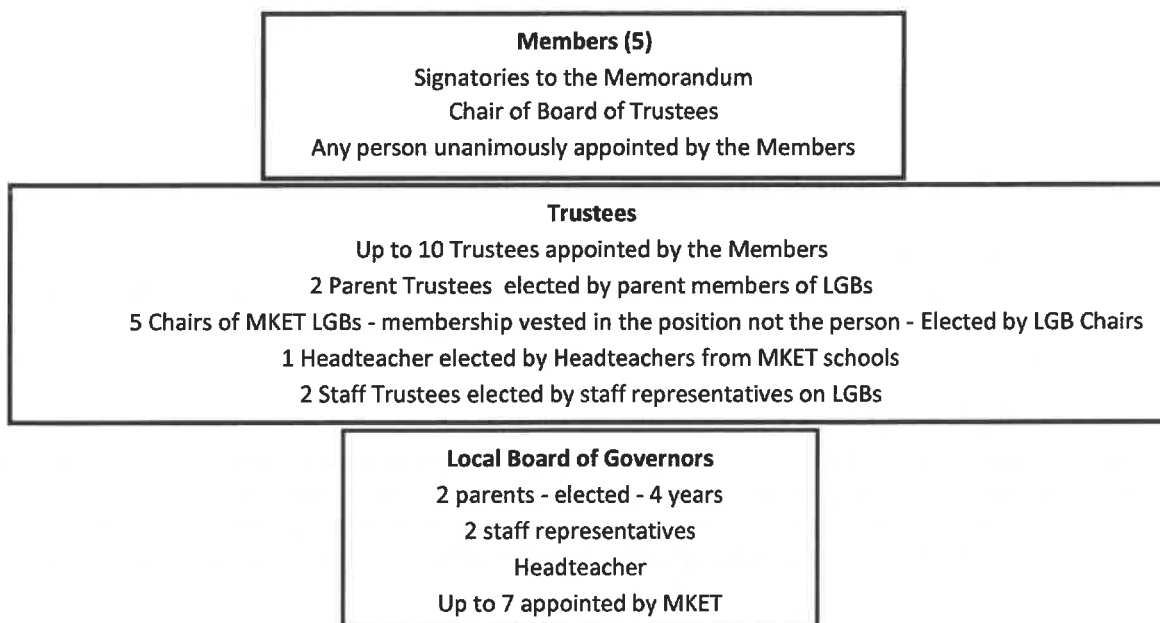
New Trustees are appointed to the Board by the Members until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of a four-year term, retiring Trustees are eligible for re-election for a further term of office. Potential 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 management team of the schools as a whole is also designed when necessary based on areas of potential interest and/or concern.

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ORGANISATIONAL STRUCTURE



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.

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.

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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 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

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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.

RISK MANAGEMENT

The Trustees confirm that the major risks to which the Trust is exposed have been reviewed. A Risk Assessment Workshop in 2012 was attended by members of the Senior Management Team and Trustees at which risks were identified and graded as to their likelihood of occurring, and the resultant impact and the measures which were in place or needed to be put into place in to mitigate them. The resulting Risk Register is the subject of termly reviews by the MKET Personnel, Finance, Facilities, and Audit Scrutiny Committee, where they consider any new risks arising and how current risks are being managed.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF 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.

RELATED PARTIES AND CO-OPERATION WITH OTHER ORGANISATIONS

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.

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REPRESENTATION ON OTHER BODIES

MK Schools' Forum - Chief Executive Officer
MK Secondary Behaviour Partnership - Pastoral Director
MK Headteachers' Group - Walton High Principal
MK Primary Head Teachers' - New Chapter, Heronsgate and Kents Hill Head Teachers
MK Nursery Head Teachers' Group - Kents Hill Head Teacher
NAHT Executive Committee - Kents Hill and Heronsgate Head Teachers
MK Secondary Bursars' Group - Walton High Business Manager

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.

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 2016/17.

The main objectives for the Trust's schools for the period 2013-17 are as follows:

FACILITATE OUTSTANDING TEACHING AND LEARNING TO PROMOTE HIGH LEVELS OF ACHIEVEMENT ACROSS ALL KEY STAGES AND SUBJECTS.

- | | |
|---------------|--|
| Action Plan 1 | Enhance the role of coaching and reflection in teachers' professional development to improve practice. |
| Action Plan 2 | Enhance the school improvement role of middle and senior leaders across the Trust. |
| Action Plan 3 | In each year group: <ul style="list-style-type: none">• Increase the proportion of pupils who achieve and exceed age related expectations in both English (reading and writing) and Maths;• Close the achievement gap between groups of pupils by removing in-school and across school variation. |
| Action Plan 4 | Develop the use of ICT to support learning teaching, administration and partnerships. |

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IMPLEMENT CURRICULUM CHANGES TO SUPPORT THE TRUST'S AIMS OF ENABLING, ENHANCING AND ENRICHING THE EXPERIENCES AND ACHIEVEMENTS OF CHILDREN AND YOUNG PEOPLE.

- | | |
|---------------|---|
| Action Plan 5 | Develop a common approach to assessing attainment and progress across the curriculum and year groups. |
| Action Plan 6 | Exploit the opportunities presented by changes to the National Curriculum GCSEs, A Levels and BTECs to develop an enriched and coherent curriculum that supports progression and high achievement for all from EYFS to Post 16. |

GROW MKET IN A SUSTAINABLE WAY TO SUPPORT THE ACHIEVEMENT OF THE TRUST'S AIMS.

- | | |
|----------------|---|
| Action Plan 7 | Primary Alternative Provision Free School. |
| Action Plan 8 | Brooklands campus. |
| Action Plan 9 | Additional centrally provided educational services established. |
| Action Plan 10 | Building capacity at School and Trust level. |

These overarching objectives and Trust level action plans inform 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.

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

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.

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THE TRUST SCHOOLS

ACHIEVEMENTS AND PERFORMANCE

WALTON HIGH

Due to numerous changes in the way both Progress 8 and Attainment 8 were calculated in 2017, it is not possible to make a direct comparison with 2016 outcomes.

Ofsted grade: Good (2013)
2017 un-validated performance data - Headline measures

Key Stage 4

Attainment 8 46.23
Progress 8 0.00

Pupils achieving GCSE 9 - 4 in English and Maths 64%
Pupils achieving EBacc 21%

Key Stage 5

Average point score per student

Academic 32.59
Applied general 39.14
Tech level 41.25

Average point score expressed as a grade

Academic C+
Best 3 A levels C+
Applied general Distinction +
Tech level Distinction +

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)

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Key Stage 2 Results

Subject	Level	Heronsgate	New Chapter
R, W, M combined	All	50	47
Reading	Expected +	66	53
	High	22	8
	Scaled score	102.3	99.9
	Progress	-3.2	-2.4
Writing	Expected +	79	61
	High	8	8
	Scaled score	101.3	98.9
	Progress	-1.9	-1.7
Maths	Expected +	56	63
	Higher	11	12
	Scaled score	100.7	101
	Progress	-4.7	-1.9
G, P, S	Expected	70	63
	Higher	22	19
	Scaled score	103.3	103

Key Stage One

Subject	Level	Kents Hill	New Chapter
Reading	Expected +	85	65
	Greater Depth	55	8
Writing	Expected +	76	58
	Greater Depth	23	6
Maths	Expected +	87	69
	Greater Depth	21	15
Science	Expected +	92	73

Phonics screening

Subject	Level	Kents Hill	New Chapter
Year 1	Expected	65	73
Year 2	Expected	100	90

EYFS Good level of development

Subject	Level	Kents Hill	New Chapter
Year 1	Expected +	65	67

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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.

FINANCIAL REVIEW

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Most of the Trust's income is obtained from the DfE in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during 2016/2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Expenditure for the year was largely covered by grants from the DfE and other income such as voluntary income, and activities for generating funds. The current assets at 31 August 2017 were £2,772,957 (2016: £3,183,937).

At 31 August 2017, the net book value of fixed assets was £38,860,659 (2016: £39,533,456).

The Trust held fund balances at 31 August 2017 of £34,749,540 (2016: £34,993,231). The reduction in funds was due to the £1,623,000 actuarial gain on the defined pension scheme (2016: £3,044,000 actuarial loss) and the net deficit during the year of £1,866,691 (2016: 1,134,572).

The Trust endeavours to pay its suppliers in accordance with their general terms and conditions of sales. At 31 August 2017, the Trust had over the year an average of 31 days (2016: 31 days) equivalent of creditors unpaid and a trade creditors' balance of £247,177 (2016: £222,892).

The Trust has a number of restricted funds. The purpose of these funds is set out in Note 18.

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 2016/17 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.

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PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The Trustees are aware of the deficit of £6,151,000 (2016: £7,009,000) which is being reported for the Local Government Pension Scheme as at 31 August 2017. 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 year which resulted in an increase to contributions from 19.1% to 20% for the period from 1 April 2017 to 31 March 2020.

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 which required a transfer of £36,645 from unrestricted funds to balance the 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. The addition of the extension to Walton High onto a second site at Brooklands in November 2016 will create increased GAG income and result in economies of scale that will help to ensure the GAG fund is not in deficit.

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 £1,111,209 (2016: £1,162,285). 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 £854,930 (2016: £1,251,272). Details of the nature of these funds are outlined in note 18.

INVESTMENT 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 0.50% 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 2017, the Trust's cash balances generated an average income return of 0.8%, which generated an income of £11,542 (2016: £26,710).

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PLANS FOR FUTURE PERIODS

The Trust's Improvement priorities for 2017-2020 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.

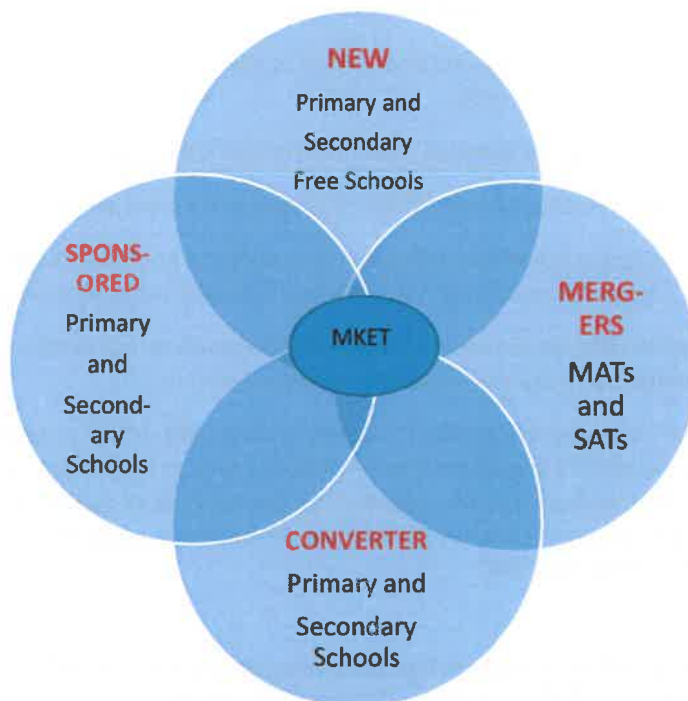
FUTURE STRATEGY

The research commissioned by the DfE into high performing sponsors, identified that between 8-20 schools are needed for a Multi-Academy Trust to have the "critical mass" needed to be sustainable and high performing. The most successful Trusts also have a judicious blend of sponsored and converter academies that cover both the primary and secondary phase.

Since its establishment in 2011, MKET has grown gradually to allow time for its systems and infrastructure to be developed and embedded. MKET now has the capacity needed to successfully expand and further develop its school improvement work.

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There are four aspects to the Trust's growth strategy as shown in the diagram below:



The acquisition of new primary and secondary schools in Milton Keynes is an important element of the Trust's growth and school improvement strategy. MKET aims to have up to ten schools by 2022 all of which will be in or close to Milton Keynes.

FUTURE EVENTS AND ACTIVITIES

Walton High opened a second campus in the Brooklands area of Milton Keynes in November 2016 with just over 200 students on roll. It will grow incrementally until it reaches its capacity of 1,500 students.

Although the Trust's bid to run the new schools at Kents Hill Park and Daubeney Gate were unsuccessful, it will continue to apply to open new schools in response to local competitions.

MKET will continue to promote the benefits of joining the Trust. This may result in additional converter or sponsored academies joining the Trust in the coming years.

The Trust will also seek to establish additional strategic partnerships to further strengthen the Trust's position locally.

IMPACT OF FUTURE EVENTS AND ACTIVITIES

The impact of the above will be to improve the quality of teaching and learning at the schools within the Trust and therefore outcomes for children and young people.

The growth of MKET will support the provision of high quality education and enhanced opportunities to an increased number of children and young people. It will enable economies of scale to be made which will ensure all the Trust's schools are better able to protect spending on teaching and learning at a time of significant cuts to school's budgets.

MILTON KEYNES EDUCATION TRUST
ANNUAL REPORT
for the year ended 31 August 2017

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.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Trust encourages the involvement of its employees in its management through its practice of consulting on significant changes. Staff are represented on the Board of Trustees and on each Local Governing Body. Staff representatives are responsible for the dissemination of information of particular concern to employees, including financial and economic factors affecting the performance of the Trust and for receiving their view on important matters of policy.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Trust continues and that the appropriate training is arranged. It is the policy of the Trust that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Trust's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and non-financial factors affecting the Trust's performance.

AUDITOR

In so far as the Trustees are aware:

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

The Annual Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 11 December 2017 and signed on its behalf by:



Chair

Ann Limb

MILTON KEYNES EDUCATION TRUST
GOVERNANCE STATEMENT
for the year ended 31 August 2017

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 Chief Executive Officer 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 the Milton Keynes Education Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weakness or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Annual Report and in the Statement of Directors' Responsibilities. The Board of Trustees has formally met five 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
Lisa Alexander	4	4
Reynold Lee	2	3
Anthony Ashmore	2	4
Madeleine Vigar	1	3
Bob Rymarz	0	2
Allan Conway	2	3
Michelle Currie (CEO and Accounting Officer)	4	4
Robert Duff (Chair until 27 March 2017)	2	2
Kevin Gowans	3	4
Julie Mickleburgh (staff trustee)	2	2
Marilyn Moffat	1	2
Sarah Conway	2	3
Richard Smith	3	4
Jane Edwards (staff trustee)	3	3
Linda Coveney (as an observer)	1	1
Ruth McLean	2	2

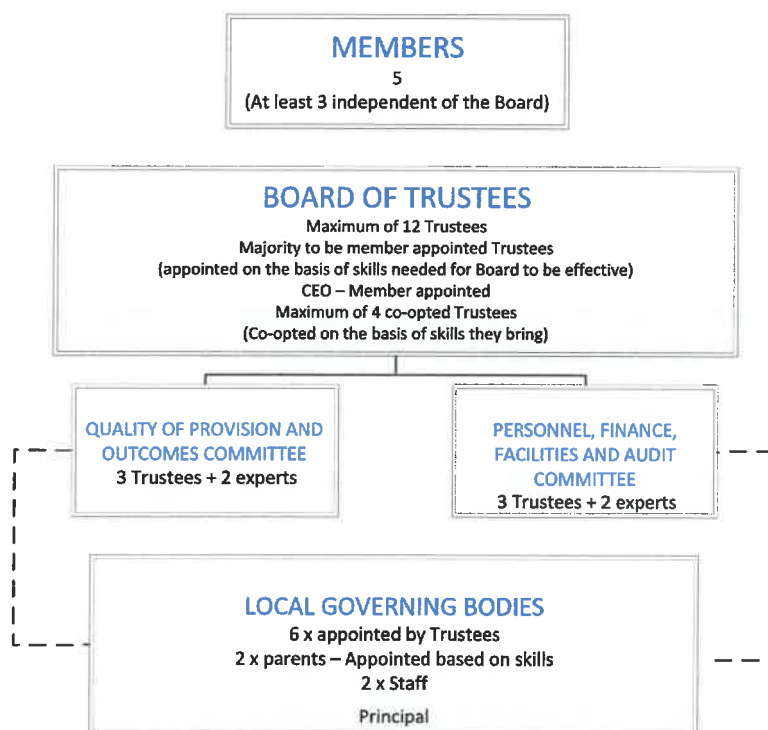
In addition, the Personnel, Finance, Facilities, and Audit Scrutiny Committees and the Learning, Teaching and Student Welfare Committees of the individual Trust schools met termly. The Trust reviews its governance arrangements on an on-going basis. As a result of this process an amendment to the Articles 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.

MILTON KEYNES EDUCATION TRUST
GOVERNANCE STATEMENT
for the year ended 31 August 2017

During 2017/18 the Articles of Association will be amended to reflect the revised governance structure below:

Milton Keynes Education Trust

Governance Structure – 2017 – Based on revised Model Articles



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 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.

MILTON KEYNES EDUCATION TRUST
GOVERNANCE STATEMENT
for the year ended 31 August 2017

- 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 purposes.
- To consider and advise the Board of Directors on the audit strategy and annual programme of work for the Internal Audit Service.

MILTON KEYNES EDUCATION TRUST
GOVERNANCE STATEMENT
for the year ended 31 August 2017

- 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:
 - investigate any activity within its terms of reference;
 - 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;
 - obtain external professional advice.

Attendance during the year at meetings of the Personnel, Finance, Facilities, and Audit Scrutiny Committee was as follows:

Trustee	Meetings attended	Out of a possible
Michelle Currie (CEO and Accounting Officer)	2	3
Lisa Alexander	3	3
Jane Edwards (staff trustee)	2	2
Kevin Gowans	3	3
Julie Mickleburgh (staff trustee)	1	1
Richard Smith	3	3

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust’s use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has delivered improved value for money for the Trust 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
GOVERNANCE STATEMENT
for the year ended 31 August 2017

- 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 at a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust has been exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and financial monitoring systems overseen by the Trust's Finance Director and School Business Managers. Monthly finance reports and meetings to monitor the financial position on a regular basis, and termly monitoring by the Local Governing Bodies of the Trust schools;
- summary Trust finance reports, including cash flow and risk analysis presented to the Board of Trustees;
- regular review of finance reports by the Personnel, Finance and Facilities Committee of each Trust school, showing financial performance against the approved budget, forecast income, expenditure, and reserves, major purchasing 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.

During the year the Trusts newly appointed internal auditors (Wilkins Kennedy LLP) undertook three internal audit visits to Walton High and one each at the primary academies in the Trust. The detailed audit programme is approved by the Trust's Personnel, Finance, Facilities, and Audit Scrutiny Committee on an annual basis.

MILTON KEYNES EDUCATION TRUST
GOVERNANCE STATEMENT
for the year ended 31 August 2017

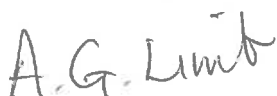
REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Finance Director and the MKET Finance Team 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 address weaknesses and ensure continuous improvement of the system is in place.

This statement was approved by the Board of Trustees on 11 December 2017 and was signed for and on behalf of the Board by



Chair
Ann Limb



Accounting Officer
Michelle Currie

Date: 11 December 2017

Date: 11 December 2017

MILTON KEYNES EDUCATION TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
for the year ended 31 August 2017

As Accounting Officer of the 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 the ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Milton Keynes Education Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



Accounting Officer
Michelle Currie

Date: 11 December 2017

MILTON KEYNES EDUCATION TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
for the year ended 31 August 2017

The Trustees (who are also the Directors of Milton Keynes Education Trust for the purposes of company law) are responsible for preparing the Annual Report including the Strategic 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 Trust 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:

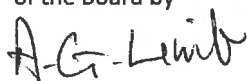
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the Trust 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 Trust 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 the 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 Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement was approved by the Board of Trustees on 11 December 2017, and was signed for and on behalf of the Board by



Chair

Ann Limb

Date: 11 December 2017

MILTON KEYNES EDUCATION TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON KEYNES
EDUCATION TRUST
for the year ended 31 August 2017

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Milton Keynes Education Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements. 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 FRS102 "The Financial Reports Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

OTHER INFORMATION (continued)

MILTON KEYNES EDUCATION TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON KEYNES
EDUCATION TRUST
for the year ended 31 August 2017

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 MATTER 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 Annual Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report and the incorporated 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report and the incorporated 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 by the charity, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities set out on page 25, the Trustees (who act as Trustees for the charitable activities of the charitable company are also the Directors of the charitable company 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

MILTON KEYNES EDUCATION TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON KEYNES
EDUCATION TRUST
for the year ended 31 August 2017

RESPONSIBILITIES OF TRUSTEES (continued)

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

RSM UK Audit LLP

SARAH MASON FCA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

The Pinnacle

170 Midsummer Boulevard

Milton Keynes

Bucks

MK9 1BP

14 December 2017

MILTON KEYNES EDUCATION TRUST
 STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE
 ACCOUNT)
 for the year ended 31 August 2017

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	5,193	42	55,735	60,970	61,570
Charitable activities:						
Funding for the Academy Trust's educational operations	4	204,211	14,066,360	-	14,270,571	14,066,398
Other trading activities	5	642,616	1,737	-	644,353	576,476
Investments	6	11,542	-	-	11,542	26,710
Total		863,562	14,068,139	55,735	14,987,436	14,731,154
Expenditure on:						
Raising funds	7	41,718	-	-	41,718	44,673
Charitable activities:						
Academy Trust's educational Operations	7,8	836,275	14,914,560	1,061,574	16,812,409	15,821,053
Total		877,993	14,914,560	1,061,574	16,854,127	15,865,726
Net expenditure		(14,431)	(846,421)	(1,005,839)	(1,866,691)	(1,134,572)
Transfers between funds	18	(36,645)	(314,921)	351,566	-	-
Other recognised gains / (losses):						
Remeasurement of net defined benefit obligations	18,27	-	1,623,000	-	1,623,000	(3,044,000)
Net movement in funds		(51,076)	461,658	(654,273)	(243,691)	(4,178,572)
Reconciliation of funds						
Total funds brought forward		1,162,285	(5,757,728)	39,588,674	34,993,231	39,171,803
Total funds carried forward		1,111,209	(5,296,070)	38,934,401	34,749,540	34,993,231

MILTON KEYNES EDUCATION TRUST
BALANCE SHEET
for the year ended 31 August 2017

Company Number 07663689

	Notes	2017 £	2017 £	2016 £
Fixed assets				
Intangible assets	13		361	1,316
Tangible assets	14		38,860,298	39,532,140
Current assets				
Debtors	15	535,149		343,686
Cash at bank and in hand		<u>2,237,808</u>		<u>2,840,251</u>
		2,772,957		3,183,937
Current Liabilities				
Creditors: Amounts falling due within one year	16	<u>(718,344)</u>		<u>(696,745)</u>
Net current assets			2,054,613	2,487,192
Total assets less current liabilities				
			40,915,272	42,020,648
Creditors: Amounts falling due after more than one year				
	17		<u>(14,732)</u>	<u>(18,417)</u>
Net assets excluding pension liability			<u>40,900,540</u>	<u>42,002,231</u>
Defined benefit pension scheme liability	27		<u>(6,151,000)</u>	<u>(7,009,000)</u>
Total net assets			<u>34,749,540</u>	<u>34,993,231</u>
Funds of the academy trust:				
Restricted funds				
· Restricted Fixed Asset Fund	18		38,934,401	39,588,674
· Restricted Income Fund	18		854,930	1,251,272
· Pension Reserve	18		<u>(6,151,000)</u>	<u>(7,009,000)</u>
Total restricted funds			<u>33,638,331</u>	<u>33,830,946</u>
Unrestricted income funds	18		1,111,209	1,162,285
Total funds			<u>34,749,540</u>	<u>34,993,231</u>

The financial statements on pages 29 to 58 were approved by the Board of Directors and authorised for issue on 11 December 2017, and are signed on their behalf by



Chair
Ann Limb

MILTON KEYNES EDUCATION TRUST
 STATEMENT OF CASH FLOWS
 for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	22	(277,257)	(35,374)
Cash flows from investing activities			
	23	(321,499)	(334,297)
Cash flows from financing activities			
	24	(3,687)	
Net decrease in cash and cash equivalents in the reporting period		<u>(602,443)</u>	<u>(369,671)</u>
Cash and cash equivalents at 1 September 2016		<u>2,840,251</u>	<u>3,209,922</u>
Cash and cash equivalents at 31 August 2017		<u>2,237,808</u>	<u>2,840,251</u>

MILTON KEYNES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

GENERAL INFORMATION

Milton Keynes Education Trust is a private charitable company limited by guarantee incorporated in England and Wales. The address of the Trust's principal place of business is given on page 4. The nature of the Academy Trust's operations are set out in the Annual Report.

1. STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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 United Kingdom and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Milton Keynes Education Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

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 company to continue as a going concern. Over 90% of the Trust's funding is provided by the Department for Education (DfE) through the Education & Skills Funding Agency (ESFA). Milton Keynes' School Forum has reduced the Aged-Weighted DfE Pupil Unit (AWPU) for schools in previous year but agreed to increase it by 0.5% in 2017/18. Fluctuations relating to formula funding and student numbers, and the introduction of a national funding formula continue to cause concern. Whilst there are uncertainties concerning the future of education funding in general, the Trustees have confidence in the Trust as a going concern.

The Trustees make this going concern 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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STATEMENT OF ACCOUNTING POLICIES (continued)

INCOME

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

GRANTS

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

The general annual grant is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised where there is entitlement, when performance related conditions have been met, and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

DONATIONS

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

OTHER INCOME

Other income, including hire of facilities, is recognised in the period it is receivable at the fair value of the consideration received or receivable and to the extent the academy trust has provided the goods or services.

INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

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

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STATEMENT OF ACCOUNTING POLICIES (continued)

EXPENDITURE (continued)

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

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

CHARITABLE ACTIVITIES

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

INTANGIBLE FIXED ASSETS

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. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software	over 5 years
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TANGIBLE FIXED ASSETS

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

MILTON KEYNES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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STATEMENT OF ACCOUNTING POLICIES (continued)

TANGIBLE FIXED ASSETS (continued)

Depreciation is provided on all tangible fixed assets other than leasehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Leasehold buildings	over 16 to 50 years
Fixtures, fittings and equipment	over 5 to 15 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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.

LIABILITIES

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

TAXATION

The Trust is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for United Kingdom corporation tax purposes. Accordingly, the Trust 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.

LEASED ASSETS

All leases held are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

MILTON KEYNES EDUCATION TRUST
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STATEMENT OF ACCOUNTING POLICIES (continued)

PENSIONS BENEFITS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are multi-employee 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a multi-employer scheme and there is insufficient information 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 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 comprehensive income

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

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 Bursary funds from the ESFA. As the Academy Trust retains these funds for students and administers payments after an application for funds has been authorised the Academy Trust recognises income and expenditure in the Statement of Financial Activities. In addition, 5% of 16-19 Bursary funds received is recognised in Statement of Financial Activities as a contribution to administration costs. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

FINANCIAL INSTRUMENTS

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

MILTON KEYNES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

STATEMENT OF ACCOUNTING POLICIES (continued)
FINANCIAL ASSETS AND LIABILITIES (continued)

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Amounts classified as other loans are Salix loans. These are concessionary loans under SORP FRS 102 as they are loans that have been advanced to further the Academy Trust's charitable purposes at an interest rate that is below market rates. In line with SORP FRS 102 the Academy Trust has chosen to initially measured at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

FUND ACCOUNTING

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

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

Restricted general funds comprise all other funds received with restrictions imposed by the funder/donor and include grants from the Education & Skills Funding Agency.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions

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

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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Critical accounting estimates and assumptions (continued)

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 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The majority of the Trust's income is from the Education & Skills Funding Agency. Where grants have been received during the year these have been recognised where there is entitlement. Therefore, apart from the Local Government Pension Scheme defined benefit liability the Trust has not been required to make any areas of critical judgement in preparing the financial statements.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some Academies within the Academy Trust were subject to limits at 31 August 2017 on the amount GAG that could be carried forward from one year to the next. An amount equal to 12 % of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academies within the Trust that were subject to limits did not exceed them.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	£	£	£	£	£
Capital grants	-	-	55,735	55,735	55,065
Other donations	5,193	42	-	5,235	6,505
	<u>5,193</u>	<u>42</u>	<u>55,735</u>	<u>60,970</u>	<u>61,570</u>
2016 total	<u>6,468</u>	<u>37</u>	<u>55,065</u>	<u>61,570</u>	

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 August 2017

4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
DfE/ESFA grants					
General Annual Grant (GAG)	-	12,531,351	-	12,531,351	11,569,801
Other DfE/ESFA grants	92,411	904,399	-	996,810	794,942
	<u>92,411</u>	<u>13,435,750</u>	<u>-</u>	<u>13,528,161</u>	<u>12,364,743</u>
Other Government grants					
Local authority grants	-	390,031	-	390,031	1,319,457
Special educational projects	111,800	240,579	-	352,379	382,198
	<u>111,800</u>	<u>630,610</u>	<u>-</u>	<u>742,410</u>	<u>1,701,655</u>
Total	<u>204,211</u>	<u>14,066,360</u>	<u>-</u>	<u>14,270,571</u>	<u>14,066,398</u>
2016 total	<u>165,896</u>	<u>13,900,502</u>	<u>-</u>	<u>14,066,398</u>	

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Hire of facilities	264,825	-	-	264,825	199,688
Catering income	354,908	-	-	354,908	299,870
School shop income	22,883	-	-	22,883	17,535
Other income	-	1,737	-	1,737	59,383
Total	<u>642,616</u>	<u>1,737</u>	<u>-</u>	<u>644,353</u>	<u>576,476</u>
2016 total	<u>517,093</u>	<u>59,383</u>	<u>-</u>	<u>576,476</u>	

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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6. INVESTMENT INCOME

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Interest from short term deposits	11,542	-	-	11,542	26,710
Total	11,542	-	-	11,542	26,710
2016 total	26,710	-	-	26,710	

7. EXPENDITURE

	Staff costs £	Non Pay Expenditure		Total 2017 £	Total 2016 £
		Premises £	Other £		
Expenditure on raising funds	-	-	41,718	41,718	44,673
Academy's educational operations					
Direct costs	9,998,626	-	1,449,397	11,448,023	10,955,047
Allocated support costs	2,549,892	890,726	1,923,768	5,364,386	4,866,006
	12,548,518	890,726	3,414,883	16,854,127	15,865,726

The expenditure on raising funds was £41,718 (2016: £44,673) of which £41,718 was unrestricted (2016: £44,673).

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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7. EXPENDITURE (continued)

Net expenditure for the period includes:

	2017	2016
	£	£
Operating lease rentals	232,797	228,945
Depreciation	1,060,618	965,998
Net interest on defined benefit pension liability (note 27)	148,000	130,000
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	955	552
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- audit of financial statements	20,000	20,000
- other services	11,450	2,995
	<u>11,450</u>	<u>2,995</u>

Included within expenditure are the following transactions

Unrecoverable debts amounting to £916 (2016: £1,725). This was made up of one (2016: two) debts that were considered unrecoverable by the Trust.

8. CHARITABLE ACTIVITIES

	Total 2017	Total 2016
	£	£
Direct costs – educational operations	11,448,023	10,955,047
Support costs – educational operations	5,364,386	4,866,006
	<u>16,812,409</u>	<u>15,821,053</u>

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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8. CHARITABLE ACTIVITIES (Continued)

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Analysis of support costs					
Support staff costs	287,491	2,249,111	-	2,549,892	2,248,461
Pension finance costs	-	148,000	-	148,000	130,000
Depreciation and amortisation	-	-	1,061,574	1,061,574	966,549
Recruitment and support	-	62,372	-	62,372	70,081
Maintenance of premises and equipment	16,192	394,213	-	410,405	442,693
Cleaning	-	44,076	-	44,076	41,580
Rent & Rates	-	138,789	-	138,789	102,591
Energy	-	205,653	-	205,653	202,149
Insurance	-	91,803	-	91,803	84,063
Security and transport	-	3,840	-	3,840	2,289
Catering	377,949	-	-	377,949	331,354
Bank interest and charges	397	-	-	397	141
Other support costs	-	114,542	-	114,542	118,482
Governance costs	-	155,094	-	155,094	125,573
Total Support costs	682,029	3,620,783	1,061,574	5,364,386	4,866,006
2016 total	579,294	3,320,163	966,549	4,866,006	

9. STAFF

a. Staff costs	Total 2017 £	Total 2016 £
Staff costs during the period were:		
Wages and salaries	9,499,093	9,343,486
Social security costs	830,823	662,005
Operating costs of defined benefit pension schemes	2,138,516	1,495,299
Total staff costs	12,468,432	11,500,790
Supply staff costs	71,586	98,422
Severance payments	8,500	-
	12,548,518	11,599,212

Included in staff costs is an individual non-statutory severance payment of £8,500 (2016: £nil).

MILTON KEYNES EDUCATION TRUST
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9. STAFF (continued)

b. Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2017	2016
	No.	No.
Educational operations		
Teachers	183	193
Welfare	63	84
Premises	29	30
Support	<u>107</u>	<u>100</u>
	<u>382</u>	<u>407</u>

c. Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	3	2
£70,001 - £80,000	2	3
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1

d. Key management personnel compensation

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3-4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £602,212 (2016: £745,304).

The total amount of employer's national insurance contributions received by key management personnel for their services to the Academy Trust was £63,054 (2016: £72,071)

MILTON KEYNES EDUCATION TRUST
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10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

During the year, three trustees were paid remuneration or 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 staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

In addition to being the accounting officer (and also a governor), Michelle Currie was the Executive Principal of Walton High and Chief Executive Officer of Milton Keynes Education Trust. In respect of her role Ms Currie received emoluments for qualifying services amounting to £110,000 (2016: £110,000), and the Trust incurred pension costs of £18,128 (2016: £18,128) in respect of the pension benefits accruing to her.

J Mickleburgh (staff trustee) received remuneration of £25,167 up to the date of resignation of 31 December 2016 (2016: £74,215 for a full year), and the Trust incurred pension costs of £4,147 (2016: 12,230) in respect of pension benefits accruing to her.

J Edwards (staff trustee) received remuneration of £47,333 from appointment on 1 January 2017 (2016: £Nil), and the Trust incurred pension costs of £7,801 (2015: £Nil) in respect of pension benefits accruing to her.

During the period ended 31 August 2017, travelling, training and conference expenses totalling £134 (2016: £Nil) were reimbursed to Trustees.

Other related party transactions involving the Trustees are set out in note 26.

11. TRUSTEES' AND OFFICERS' INSURANCE

The Trust has taken out an insurance policy that includes a fidelity guarantee that covers both Trustees and staff of the Trust. The policy provides cover to the value of £1 million in respect of any one claim. For the period ended 31 August 2017, the total cost to the Academy Trust of this insurance policy was £3,833 (2016: £1,556). The cost of this insurance is included in the total insurance cost.

12. CENTRAL SERVICES

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

MILTON KEYNES EDUCATION TRUST
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12. CENTRAL SERVICES (continued)

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Walton High	447,120	390,184
New Chapter Primary School	77,259	83,971
Heronsgate School	97,253	92,762
Kents Hill School	<u>37,593</u>	<u>38,754</u>
	<u>659,225</u>	<u>605,671</u>

13. INTANGIBLE FIXED ASSETS

	Computer Software £	Total £
Cost		
At 1 September 2016 and at 31 August 2017	<u>14,245</u>	<u>14,245</u>
Amortisation		
At 1 September 2016	12,929	12,929
Charged in year	955	955
At 31 August 2017	<u>13,884</u>	<u>13,884</u>
Carrying amount		
At 31 August 2016	<u>1,316</u>	<u>1,316</u>
At 31 August 2017	<u>361</u>	<u>361</u>

14. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 September 2016	43,364,366	609,247	43,973,613
Additions	3,103	385,673	388,776
At 31 August 2017	<u>43,367,469</u>	<u>994,920</u>	<u>44,362,389</u>
Depreciation			
At 1 September 2016	4,243,893	197,580	4,441,473
Charged in year	935,922	124,696	1,060,618
At 31 August 2017	<u>5,179,815</u>	<u>322,276</u>	<u>5,502,091</u>
Net book values			
At 31 August 2016	<u>39,120,473</u>	<u>411,667</u>	<u>39,532,140</u>
At 31 August 2017	<u>38,187,654</u>	<u>672,644</u>	<u>38,860,298</u>

The Brooklands Campus occupies a new school building under license as the lease is yet to be granted.

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

	2017 £	2016 £
Trade debtors	30,427	33,159
Other debtors	174,482	173,263
Prepayments & accrued income	330,240	137,264
	<u>535,149</u>	<u>343,686</u>

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	247,177	222,892
Other taxation and social security	215,863	211,693
Other creditors	429	10,323
Other creditors - Salix loan	3,684	3,687
Accruals and deferred income	251,191	248,150
	<u>718,344</u>	<u>696,745</u>

Deferred income

Deferred income at 1 September 2016	145,981	144,554
Released from previous years	(145,981)	(144,554)
Resources deferred	117,373	145,981
Deferred income at 31 August 2017	<u>117,373</u>	<u>145,981</u>

At the balance sheet date, the Academy Trust was holding funds received in advance for music lessons of £16,068 (2016: £22,157), catering of £5,456 (2016: £6,054), school uniform of £8,739 (2016: £2,023) and various grants relating to activities in the next financial year of £87,110 (2016: £115,747).

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

17. CREDITORS: Amounts falling due in greater than one year

	2017 £	2016 £
Other creditors - Salix loan	14,732	18,417
	<u>14,732</u>	<u>18,417</u>

MILTON KEYNES EDUCATION TRUST
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17. CREDITORS: Amounts falling due in greater than one year (continued)

Loan analysis

	2017 £	2016 £
Due in less than one year	3,684	3,687
Due in more than one year but less than two	3,684	3,684
Due in two to five years	11,048	11,053
Due in more than five years	-	3,680
	<u>18,416</u>	<u>22,104</u>

18. FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general 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>1,308,079</u>	<u>(5,296,070)</u>
Restricted fixed asset funds					
GAG fixed assets fund	995,705	-	-	351,566	1,347,271
Inherited fixed assets fund	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>38,934,401</u>
Total restricted funds	<u>33,830,946</u>	<u>14,123,874</u>	<u>(15,976,134)</u>	<u>1,659,645</u>	<u>33,638,331</u>
Total unrestricted funds	<u>1,162,285</u>	<u>863,562</u>	<u>(877,993)</u>	<u>(36,645)</u>	<u>1,111,209</u>
Total funds	<u>34,993,231</u>	<u>14,987,436</u>	<u>(16,854,127)</u>	<u>1,623,000</u>	<u>34,749,540</u>

MILTON KEYNES EDUCATION TRUST
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18. FUNDS (continued)

Movement in funds in the prior year were as follows:

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	(469,369)	11,536,880	(12,485,390)	1,417,879	-
Other DfE/ESFA grants	991,125	2,311,917	(1,238,129)	(905,668)	1,159,245
Kents Hill Care Club	70,505	111,125	(89,603)	-	92,027
Pension reserve	(3,552,000)	-	(413,000)	(3,044,000)	(7,009,000)
	(2,959,739)	13,959,222	(14,226,122)	(2,531,789)	(5,757,728)
Restricted fixed asset funds					
GAG fixed assets fund	591,863	-	-	403,842	995,705
Inherited fixed assets fund	39,063,105	-	(882,849)	-	38,180,256
DfE/ESFA capital grants	441,348	55,065	(83,700)	-	412,713
	40,096,316	55,065	(966,549)	403,842	39,588,674
Total restricted funds	37,136,577	14,014,987	(15,192,671)	(2,127,947)	33,830,946
Total unrestricted funds	2,035,226	716,167	(673,055)	(916,053)	1,162,285
Total funds	39,171,803	14,731,154	(15,865,726)	(3,044,000)	34,993,231

The General Annual Grant (GAG) restricted fund contains various other restricted income amounts.

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.

MILTON KEYNES EDUCATION TRUST
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 for the year ended 31 August 2017

18. FUNDS (continued)

During the year a transfer of £36,645 was made from unrestricted funds to the GAG fund. An additional £351,566 was transferred to the GAG fixed assets fund in 2016/17 to reflect assets purchased from a local authority grant for the fitting out of the Brooklands campus.

Under their funding agreements with the Secretary of State, two of the Academies are allowed to carry up to 12% of the current GAG, and of the carried forward amount up to 2% of GAG can be used for general purposes at the discretion of the academies but any balance over 2% must be used for capital purposes. Note 2 discloses whether the limit was exceeded for these Academies.

Under the funding agreement with the Secretary of State the remaining Academies were not subject to a limit on the GAG that it could carry forward at 31 August 2017.

Kents Hill Care Club is located within Kents Hill School. It provides wrap around care for nursery children and breakfast and after school care for children at the school, as well as for a small number of children from Heronsgate School. Full day childcare is also provided in school holidays and inset days. Transactions related to this restricted fund for the Care Club are separately recorded within the accounts of Milton Keynes Education Trust so that the finances of the Care Club can be reported separately.

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.

Included in Restricted General funds are a number of funds and these have all been included in one fund called 'Other DfE/ESFA grants'. The movement of larger individual funds are as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Other DfE/ESFA Grants					
Brooklands set up and fit out	1,149,848	136,202	(338,047)	(339,640)	608,363
Pupil premium	30,694	656,879	(577,618)	-	109,955
Growth fund	-	67,765	-	-	67,765
Other	(21,297)	428,817	(429,613)	(11,926)	(34,019)
	<u>1,159,245</u>	<u>1,289,663</u>	<u>(1,345,278)</u>	<u>(351,566)</u>	<u>752,064</u>

MILTON KEYNES EDUCATION TRUST
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18. FUNDS (continued)

The specific purposes for which the larger individual funds within 'Other DfE/ESFA grants' are to be applied are as follows:

- The Brooklands campus fund has been created to recognise restricted funding in relation to fitting out the new campus and the associated set up costs.
- The 16-19 Bursary fund has been created to recognise restricted funding which enables the Trust to provide mandatory bursaries under the DfE scheme for certain categories of qualifying student as well as discretionary payments awarded to other students in need of support.
- The Pupil Premium grant fund has been created to recognise the restricted funding in relation to this stream of income. The relevant restricted expenditure is then also recorded through this fund.
- A fund for Growth Funding received was created in the year to manage funds received from the DfE which is restricted to various expenditure on support staff.

The GAG fixed assets fund has been set up to recognise the tangible assets purchased by the Trust following initial conversion that have been funded from the General Annual Grant. This fund has been created by a transfer from the General Annual Grant fund of an amount equivalent to the cost of the tangible assets involved.

The Inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Trust upon conversion which represent the school sites including the leasehold land and buildings and all material items of plant and machinery included therein. 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.

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2017 were allocated as follows:

	2017	2016
Walton High	918,736	1,556,763
New Chapter Primary School	445,612	390,782
Heronsgate School	230,842	215,229
Kents Hill School	232,687	163,921
Central services	138,262	(35,210)
Free School	-	122,072
Total before fixed assets and pension reserve	1,966,139	2,413,557
Restricted fixed asset fund	38,934,401	39,588,674
Pension reserve	(6,151,000)	(7,009,000)
Total	34,749,540	34,993,231

The Free School balance above represented an unspent government grant relating to the set-up of a new Free School and therefore did not relate to any of the established schools within the Trust. This project was terminated during the year.

MILTON KEYNES EDUCATION TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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18. FUNDS (continued)

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding depreciation and amortisation) £	Total £
Walton High	6,512,219	1,644,613	366,542	1,914,618	10,437,992
New Chapter Primary School	1,151,750	212,961	19,517	206,252	1,590,480
Heronsgate School	1,390,211	253,920	44,849	371,641	2,060,621
Kents Hill School	599,724	252,019	16,948	164,396	1,033,087
Central Services	344,722	186,379	2,499	136,774	670,374
Academy Trust	9,998,626	2,549,892	450,355	2,793,681	15,792,554

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
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
Current liabilities	-	(718,344)	-	(718,344)
Non-current liabilities	-	(14,732)	-	(14,732)
Pension scheme liability	-	(6,151,000)	-	(6,151,000)
Total net assets at 31 August 2017	1,111,209	(5,296,070)	38,934,401	34,749,540

MILTON KEYNES EDUCATION TRUST
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Fund balances at 31 August 2016 were represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Intangible fixed assets	-	-	1,316	1,316
Tangible fixed assets	-	-	39,532,140	39,532,140
Current assets	1,162,285	1,966,434	55,218	3,183,937
Current liabilities	-	(696,745)	-	(696,745)
Non-current liabilities	-	(18,417)	-	(18,417)
Pension scheme liability	-	(7,009,000)	-	(7,009,000)
Total net assets at 31 August 2016	1,162,285	(5,757,728)	39,588,674	34,993,231

20. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>78,580</u>	<u>226,841</u>

Capital commitments of £65,985 (2016: £226,841) relate to capital expenditure on fixtures and fittings for the new campus at Brooklands. Capital commitments of £12,595 (2016: £nil) relates to capital expenditure on fixtures and fittings at the Walton High Walnut Tree campus.

21. COMMITMENTS UNDER OPERATING LEASES

OPERATING LEASES

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	280,632	228,228
Amounts due between one and five years	<u>316,478</u>	<u>362,236</u>
	<u>597,110</u>	<u>590,464</u>

MILTON KEYNES EDUCATION TRUST
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22. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the reporting period (as per the statement of financial activities)	(1,866,691)	(1,134,572)
Adjusted for:		
Amortisation (Note 13)	955	552
Depreciation (Note 14)	1,060,618	965,998
Capital grants from DfE and other capital income	(55,735)	(55,065)
Investment income received (Note 6)	(11,542)	(26,710)
Defined benefit pension scheme cost less contributions payable (Note 27)	612,000	249,000
Defined benefit pension scheme finance cost (Note 27)	153,000	164,000
Operating cash flows before movement in working capital	(107,395)	163,203
Increase in debtors	(191,464)	(44,319)
Increase/(decrease) in creditors	21,602	(154,258)
Net cash used in Operating Activities	(277,257)	(35,374)

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £	2016 £
Dividends, interest and rents from investments	11,542	26,710
Purchase of tangible fixed assets	(388,776)	(416,072)
Capital grants from DfE/ESFA	55,735	55,065
Net cash used in investing activities	(321,499)	(334,297)

24. CASH FLOWS FROM FINANCING ACTIVITIES

	2017 £	2016 £
Loan repayments	(3,687)	-
Net cash used in financing activities	(3,687)	-

25. MEMBERS' LIABILITY

Milton Keynes Education Trust is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

MILTON KEYNES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is considered inevitable that transactions will take place with organisations in which a governor may have an interest. All transactions involving such organisations would, of course, be conducted in accordance with the Trust's financial regulations and normal procurement procedures.

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 £4,560 (2016: £15,287) during the period. Amounts outstanding at 31 August 2017 was £nil (2015: £5,871).
- 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.
- In entering into the transaction, the Trust has complied with the requirements of the Academies Financial Handbook 2017.

27. PENSION AND SIMILAR OBLIGATIONS

The Trust participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme for academic and related staff and the Local Government Pension Scheme for non-teaching staff, which is managed by Buckinghamshire County Council. Both of these are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2017.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed by the Teachers' Pension Scheme Regulations 2014. 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.

Valuation of the Teachers' Pensions 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:

MILTON KEYNES EDUCATION TRUST
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27. PENSION AND SIMILAR OBLIGATIONS (continued)

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereas 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 £957,515 (2016: £962,227).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £745,000 (2016: £725,000), of which employer's contributions totalled £564,000 (2016: £546,000), and employees' contribution totalled £181,000 (2016: £179,000). The agreed contribution rates for future years are 20.0 per cent for employers and 8.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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

	2017	2016
Rate of increase in salaries	4.2%	4.1%
Rate of increase for pensions in payment/inflation	2.7%	2.3%
Discount rate for scheme liabilities	2.6%	2.2%
Inflation assumption (CPI)	2.7%	2.3%

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27. PENSION AND SIMILAR OBLIGATIONS (continued)

The assumed life expectations on retirement are 65 are:

	2017	2016
Retiring today		
Males	23.9	23.8
Females	26.0	26.2
Retiring in 20 years		
Males	26.2	26.1
Females	28.3	28.5

The Academy Trust's share of the assets in the scheme were:

	Fair Value of asset at 31 August 2017	Fair Value of asset at 31 August 2016
Equity instruments	3,988,000	3,215,000
Gilts	693,000	765,000
Other bonds	930,000	714,000
Property	527,000	481,000
Cash	244,000	193,000
Alternative assets	758,000	509,000
Total market value of assets	<u>7,140,000</u>	<u>5,877,000</u>

The actual return on scheme assets was £770,000 (2016: £774,000)

Amount recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	1,176,000	795,000
Net interest cost	148,000	130,000
Administration expenses	5,000	34,000
Total operating charge	<u>1,329,000</u>	<u>959,000</u>

MILTON KEYNES EDUCATION TRUST
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27. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2017 £
At 1 September 2016	12,886,000
Current service cost	1,176,000
Interest cost	282,000
Change in financial assumptions	(299,000)
Experience gain on defined benefit obligation	(600,000)
Benefits paid	(335,000)
Employee contributions	181,000
At 31 August 2017	13,291,000

Changes in the fair value of the Academy Trust's share of scheme assets:

	2017 £
At 1 September 2016	5,877,000
Interest income	134,000
Return on plan assets (excluding net interest on the net defined pension liability)	636,000
Other actuarial gains	88,000
Administrative expenses	(5,000)
Employer contributions	564,000
Employee contributions	181,000
Benefits paid	(335,000)
At 31 August 2017	7,140,000

28. AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. The Academy Trust retained a beneficial interest in individual transactions such that £34,706 (2016: £35,969) has been recognised as income and £26,978 (2016: £20,841) as expenditure in the statement of financial activities.

For part of the year the Academy Trust administered funding received for a collection of schools that have nurseries in the local area. No income or expenditure has been recognised in the financial statements in respect of this funding and the balance was transferred to another school during the year. An amount of £nil (2016: £10,326) in other creditor relates to the 'Nursery Heads' funding.

In the year the Academy Trust administered funding for the MK Secondary Heads group. £3,600 (2016: £nil) was received into the fund and £2,250 (2016: £nil) was disbursed in the year. A balance of £1,350 (2016: £nil) is included within other creditors as this is repayable to the group.

MILTON KEYNES EDUCATION TRUST
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29. FINANCIAL INSTRUMENTS

The Academy Trust has the following financial instruments

	2017	2016
	£	£
Financial Assets		
Debt instruments measured at amortised cost	<u>253,988</u>	<u>143,905</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>397,103</u>	<u>357,488</u>