
MILTON KEYNES EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Marilyn Moffatt (resigned 31 August 2020) Chris Wigglesworth Richard Smith Jim Hudson, OBE (appointed 28 November 2019)
Trustees	Jim Hudson, OBE, Chair of Trustees Bob Green, Vice Chair of Trustees (appointed 13 January 2020) Richard Smith, Trustee ¹ Kevin Gowans, Trustee Lisa Alexander, Trustee ¹ Simon Haddy, Trustee ¹ Jane Edwards, Trustee Michelle Currie, Chief Executive Renu Elston, Trustee (resigned 8 October 2020) Justine Ives, Trustee Ayser Asif, Trustee (appointed 23 October 2020) ¹ Robert McDonald Duff, Trustee (appointed 25 November 2020)
	¹ Personnel, Finance, Facilities and Audit Scrutiny committee
Company registered number	07663689
Company name	Milton Keynes Education Trust
Principal and registered office	Walton High, Brooklands Campus Fen Street, Brooklands Milton Keynes Bucks
Chief executive officer	Michelle Currie
Senior leadership team	Michelle Currie, CEO and Executive Principal of Walton High Sharon Alexander, Principal of Walton High Jane Edwards, Headteacher of Heronsgate School Jane Mackie, Headteacher Kents Hill School Ann Purser, Pastoral Director David Gibson, Chief Operating Officer

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors Hillier Hopkins LLP
Chartered Accountants
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

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

MILTON KEYNES EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

Structure, governance and management

a. Constitution

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

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

The Trustees of Milton Keynes Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Milton Keynes Education Trust.

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

b. Members' liability

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

c. Trustees' indemnities

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 £10,000,000 in any one claim.

d. Method of recruitment and appointment or election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

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

Structure, governance and management (continued)

f. Organisational structure

Members (Minimum 3)

Members at the date of adoption of the Articles
Any person unanimously appointed by the Members

Trustees

Up to 10 Trustees appointed by the Members
The Chief Executive Officer if appointed by the Members

Local Board of Governors

2 parents - elected - 4 years
2 staff representatives
Headteacher
Up to 7 appointed by MKET

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

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

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

Structure, governance and management (continued)

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

The role of the local governing body (LGB)

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

Sets the strategic direction of the school by:

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

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

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

Ensures accountability by:

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

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

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

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

Meetings

LGBs are required to meet formally a minimum of three times a year, i.e. once a term. Meeting dates are

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

Structure, governance and management (continued)

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

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 Schools may subscribe 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.

g. 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.

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

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

	£	
Total cost of facility time	-	
Total pay bill	14,001,992	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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i. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy's equal opportunities policy, the academy has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy's offices.

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

Structure, governance and management (continued)

j. Representation on other bodies

MK Schools' Forum; DofE Award Regional Headteachers' Board - Chief Executive Officer

MK Secondary Behaviour Partnership; Stephenson Academy Board of Governors - Pastoral Director

MK Headteachers' Group; MK School Inclusion Partnership; MK School Place Planning Group - Walton High Principal

NAHT Executive Committee; MK School Inclusion Partnership - Heronsgate Headteacher

Objectives and activities

a.

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

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

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

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

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

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

Objectives and activities (continued)

b. 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 2019/20.

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

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

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

EVALUATION OF PROGRESS TOWARDS 2022 KEY PERFORMANCE INDICATORS

2020 outcomes

Key Performance Indicators

Due to the closure of schools from 23 March 2020 due to the COVID-19 pandemic, the Government cancelled all Key Stage 1 and Key Stage 2 assessments. As a result, the Trust's key performance indicators for these key stages, (KPI 1 – 4 below) were no longer applicable.

Although students in Key Stage 4 and Key Stage 5 did not sit any external exams in 2020, they were awarded a grade for the qualifications they were studying that was either the Centre Assessed Grade or the exam board Calculated Grade, whichever was higher. However, the Government did not publish any national attainment or progress data. As a result, KPI 5, 6, 10 and 11 were no longer applicable as the data needed to make an evaluation is not available.

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

Objectives and activities (continued)

KPI No	Key Performance Indicator	Evaluation
1	Phonics screening outcomes at the end of Year 1 and Year 2 are broadly in line with the national average	n/a
2	Key Stage 1 outcomes in Reading, Writing, Maths and Science broadly in line with the national average	n/a
3	The proportion of pupils attaining the expected standard in Reading, Writing and Maths combined by the end of Key Stage 2 is broadly in line with the national average	n/a
4	At the end of Key Stage 2, the progress score for all schools is at least in the average range for Reading, Writing and Maths	n/a
5	At the end of Key Stage 4, the Attainment 8 score is at least broadly in line with the national average	n/a
6	At the end of Key Stage 4, the Progress 8 score is at least in the average range	n/a
7	For Y13 students, the average point score per entry for academic qualifications is equal to at least Grade C+	Achieved
8	For Y13 students, the average point score per entry for Applied General qualifications is at least equal to least Grade Merit +	Achieved
9	For Y13 students, the average point score per entry for Technical qualifications is at least equal to least Grade Merit +	Achieved
10	For Y13 students, the progress score for academic qualifications is at least in the average range	n/a
11	For Y13 students, the progress score for Applied General qualifications is at least in the average range	n/a
12	Whilst maintaining standards for all students, ensure there is no statistically significant gap between the achievement of different groups of children and young people, e.g. disadvantaged/others; boys/girls.	Progress made

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

The Trust Schools Achievements and Performance (continued)

b. 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

a. 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 £1,093,946 (2019: £1,149,618). 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 £528,119 (2019: £655,967). Details of the nature of these funds are outlined in note 21.

b. Investment policy

The Trust's funds are held in Lloyds Bank accounts, current accounts no longer attract returns so the Trust uses short-term deposits to generate interest from available cash flow. As at 31st August 2020 the Trust had £1,013,391 in a 32 day notice account attracting a return of 0.1%.

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TRUSTEES' REPORT (CONTINUED)
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c. 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 2019/20 related to the loss of other income funding through Covid closures and uncertain Government support. This income shortfall was mitigated with cost savings. The rate of per pupil funding continues to have some uncertainty without full movement to the national funding formula. Trustees review three year forecasts on a termly basis to understand the implications on the Trust's reserves, and, alongside senior management are implementing plans to manage cost pressures across the Trust.

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

The Trustees are aware of the deficit of £9,826,000 (2019: £6,615,000) which is being reported for the Local Government Pension Scheme as at 31 August 2020. Whilst Trustees understand this will ultimately be covered by the Government, the Trust has been subject to an increase in employer contributions which has put additional pressures on Trust funds.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. An actuarial valuation of the Fund was carried out during the previous year which resulted in an increase to contributions to 20% for the period from 1 April 2018 to 31 March 2020. This has now risen to 21% and will rise to 22% in 2021/22 and to 23% in 2022/23. The expectation is that these increases will cover the impact of the McCloud judgement though the final implementation of changes and the impact is still to be confirmed.

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. Liabilities are calculated and allocated to each employer in proportion to their active payroll. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

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

Fundraising

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

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

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TRUSTEES' REPORT (CONTINUED)
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Streamlined energy and carbon reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	3,420,338
Scope 1 emissions in metric tonnes CO ₂ e Gas consumption Owned transport – mini-buses	484
Scope 2 emissions in metric tonnes CO ₂ e Purchased electricity	195
Scope 3 emissions in metric tonnes CO ₂ e Business travel in employee owned vehicles	-
Total gross emissions in metric tonnes CO₂e	680

Quantification and Reporting Methodology:-

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂.

Measures taken to improve energy efficiency:

In 2019/20 New Chapter installed new boilers and Walton High refurbished its ground source Post 16 heating system. The Trust also introduced a Cycle to Work scheme through the green commute initiative.

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TRUSTEES' REPORT (CONTINUED)
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Plans for future periods

The Trust's Improvement Priorities for 2018-2022 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.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 9 December 2020 and signed on its behalf by:



.....
Jim Hudson OBE
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The board of Trustees has formally met 3 times during the year.

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

Trustee	Meetings attended	Out of a possible
Jim Hudson, OBE, Chair of Trustees	2	2
Bob Green, Vice Chair of Trustees	0	1
Richard Smith, Trustee	3	3
Kevin Gowans, Trustee	3	3
Lisa Alexander, Trustee	2	3
Simon Haddy, Trustee	2	3
Jane Edwards, Trustee	2	3
Michelle Currie, Chief Executive	2	3
Renu Elston, Trustee	2	3
Justine Ives, Trustee	2	3
Ayser Asif, Trustee	0	0
Robert McDonald Duff, Trustee	0	0

MKET is a small Trust of 4 schools whose Trustees meet as a Board 3 times a year in accordance with the Trusts Articles and in excess of the Governance Handbook recommended minimum of three times a year. The Board has Trustee representatives from all of the Trusts Academies who are Chairs of their Local Governing Bodies. These meet separately from the main Board, 3 times a year at each school, where they consider all local matters including financial and compliance in accordance with the Trusts scheme of delegation.

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 the Articles was to mirror the latest Department for Education Model Articles and had the prior approval of the Secretary of State.

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

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

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.
- 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.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- 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.
- 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 was as follows:

Trustee	Meetings attended	Out of a possible
Richard Smith	2	2
Lisa Alexander	2	2
Simon Haddy	1	2
Renu Elston	1	1

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Using approved purchasing and tendering frameworks to obtain value for money for the purchase of new interactive computer screens for classrooms throughout Walton High and for the provision of an operating lease for them. The Trust's primary schools have benefited from competitive prices and terms that they would not have been able to achieve alone.
- A Trust wide music concert was organised during the year which enabled pupils from the MKET primary schools to join students from Walton High in this production. The concert was staged in The Venue theatre at Walton High thus widening the curriculum use of this facility and giving the younger children a taste of performing on a large stage.
- The Venue at Walton High is a theatre which is used by Walton High and other schools in the Trust. It is, however, a theatre which has the facilities which attracts amateur, professional and community theatre and music groups. This ensures that this publicly funded theatre is being used in a wider context and therefore achieving value for money in terms of taxpayer resources.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Milton Keynes Education Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial

MILTON KEYNES EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

performance against the forecasts and of major purchase plans, capital works and expenditure programmes

- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Trustees has decided to employ Hillier Hopkins LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included bank reconciliations, trip income, staff expenses, fixed assets, VAT, pupil files and compliance.

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

The internal auditor delivered their schedule of work as planned in April 2019. No material control issues were identified but recommendations were made including signatories and budgeting of trips, documentation on pupils files, information shown on websites and training of Trustees which the Trust has acted upon.

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

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



.....
Jim Hudson OBE
Chair of Trustees
Date: 9 December 2020



.....
Michelle Currie
Accounting Officer

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Milton Keynes Education Trust I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Michelle Currie
Accounting Officer

Date: 9 December 2020

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:



.....
Jim Hudson OBE
Chair of Trustees

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Milton Keynes Education Trust (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Alexander Bottom ACA (senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House

51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *18th December 2020*

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 21 June 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Milton Keynes Education Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Milton Keynes Education Trust's funding agreement with the Secretary of State for Education dated 24 January 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

Conclusion

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

Hillier Hopkins LLP

Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *18th* *December* *2020*

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	4	16,037	14	62,091	78,142	383,820
Charitable activities		384,435	16,964,166	-	17,348,601	16,504,666
Other trading activities		184,519	-	-	184,519	281,824
Investments	7	6,602	-	-	6,602	8,535
Total income		591,593	16,964,180	62,091	17,617,864	17,178,845
Expenditure on:						
Raising funds		32,277	-	-	32,277	62,364
Charitable activities	9	614,988	17,705,806	1,183,448	19,504,242	18,132,089
Total expenditure		647,265	17,705,806	1,183,448	19,536,519	18,194,453
Net income/ (expenditure)		(55,672)	(741,626)	(1,121,357)	(1,918,655)	(1,015,608)
Transfers	20	-	(235,222)	235,222	-	-
Net movement in funds before other recognised gains/ (losses)		(55,672)	(976,848)	(886,135)	(1,918,655)	(1,015,608)
Other recognised gains/ (losses):						
Actuarial losses on defined benefit pension schemes	27	-	(2,362,000)	-	(2,362,000)	(919,000)
Net movement in funds		(55,672)	(3,338,848)	(886,135)	(4,280,655)	(1,934,608)
Reconciliation of funds:						
Total funds brought forward		1,149,618	(5,959,033)	37,437,462	32,628,047	34,562,655
Net movement in funds		(55,672)	(3,338,848)	(886,135)	(4,280,655)	(1,934,608)
Total funds carried forward		1,093,946	(9,297,881)	36,551,327	28,347,392	32,628,047

The Statement of financial activities includes all gains and losses recognised in the year.

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07663689

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	16	36,551,327	37,424,075
		<u>36,551,327</u>	<u>37,424,075</u>
Current assets			
Debtors	17	654,645	587,738
Cash at bank and in hand		1,794,925	2,225,422
		<u>2,449,570</u>	<u>2,813,160</u>
Creditors: amounts falling due within one year	18	(823,822)	(983,138)
Net current assets		1,625,748	1,830,022
Total assets less current liabilities		38,177,075	39,254,097
Creditors: amounts falling due after more than one year	19	(3,683)	(11,050)
Net assets excluding pension liability		38,173,392	39,243,047
Defined benefit pension scheme liability	27	(9,826,000)	(6,615,000)
Total net assets		28,347,392	32,628,047
Funds of the academy			
Restricted funds:			
Fixed asset funds	20	36,551,327	37,437,462
Restricted income funds	20	528,119	655,967
		<u>37,079,446</u>	<u>38,093,429</u>
Restricted funds excluding pension asset	20	37,079,446	38,093,429
Pension reserve	20	(9,826,000)	(6,615,000)
Total restricted funds	20	27,253,446	31,478,429
Unrestricted income funds	20	1,093,946	1,149,618
Total funds		28,347,392	32,628,047

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07663689

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 28 to 60 were approved by the Trustees, and authorised for issue on 09 December 2020 and are signed on their behalf, by:



.....
Jim Hudson OBE
Chair of Trustees

The notes on pages 32 to 60 form part of these financial statements.

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	<i>2019</i> <i>£</i>
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(184,758)	<i>508,935</i>
Cash flows from investing activities	24	(242,055)	<i>(261,050)</i>
Cash flows from financing activities	23	(3,683)	<i>(3,683)</i>
Change in cash and cash equivalents in the year		(430,496)	<i>244,202</i>
Cash and cash equivalents at the beginning of the year		2,225,422	<i>1,981,220</i>
Cash and cash equivalents at the end of the year	25, 26	1,794,926	<i>2,225,422</i>

The notes on pages 32 to 60 form part of these financial statements

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

1. General information

Milton Keynes Education Trust is a charitable company limited by guarantee and an exempt charity. The academy is incorporated in England and Wales. Its registered office is Walton High Fyfield Barrow, Walnut Tree, Milton Keynes, MK7 7WH.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

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

2.2 Going concern

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

2.3 Income

All incoming resources are recognised when the academy 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.

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

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

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.3 Income (continued)

- **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 the hire of facilities, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

2.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the statement of financial activities as the related expenditure is incurred.

2.6 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

MILTON KEYNES EDUCATION TRUST
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 16 to 50 years
Furniture and equipment	- 5 to 15 years
Computer equipment	- 5 years
Motor vehicles	- 10 years
Assets under construction	- Not depreciated

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

2.8 Debtors

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

2.9 Cash at bank and in hand

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

2.10 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 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.

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

2. Accounting policies (continued)

2.11 Financial instruments

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

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

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

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

2.12 Operating leases

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

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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.13 Pensions

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

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

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

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

2.14 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 Bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

2.15 Fund accounting

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

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

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

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

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

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation, amortisation and residual values

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

4. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	16,037	14	-	16,051	<i>80,842</i>
Capital Grants	-	-	62,091	62,091	<i>302,978</i>
	<u>16,037</u>	<u>14</u>	<u>62,091</u>	<u>78,142</u>	<u><i>383,820</i></u>
<i>Total 2019</i>	<u><u>80,772</u></u>	<u><u>70</u></u>	<u><u>302,978</u></u>	<u><u>383,820</u></u>	

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

5. Funding for the academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
DfE/ESFA grants				
General Annual Grant	-	15,225,503	15,225,503	<i>14,125,790</i>
Rates reclaim	-	131,138	131,138	<i>130,357</i>
Other DfE and ESFA revenue	-	855,138	855,138	<i>900,409</i>
	-	16,211,779	16,211,779	<i>15,156,556</i>
Other Government grants				
Local Authority Grants	-	381,671	381,671	<i>403,019</i>
Other Government Grants	-	56,590	56,590	<i>57,720</i>
	-	438,261	438,261	<i>460,739</i>
Other Funding				
Catering income	348,650	-	348,650	<i>510,257</i>
Other income	35,785	4,039	39,824	<i>96,674</i>
Trip income	-	61,614	61,614	<i>158,647</i>
Music income	-	115,989	115,989	<i>121,793</i>
	384,435	181,642	566,077	<i>887,371</i>
Exceptional government funding				
Coronavirus exceptional support	-	132,484	-	-
	-	132,484	-	-
Total 2020	384,435	16,964,166	17,348,601	<i>16,504,666</i>
<i>Total 2019</i>	<i>587,331</i>	<i>15,917,335</i>	<i>16,504,666</i>	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding claimed and accrued for coronavirus exceptional support covers £132,484 of exceptional costs. These costs are included in notes 7 and 9 below as appropriate.

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

6. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
School shop income	59,742	59,742	78,971
Hire of facilities	124,777	124,777	202,853
	<u>184,519</u>	<u>184,519</u>	<u>281,824</u>
<i>Total 2019</i>	<u>281,824</u>	<u>281,824</u>	

7. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Interest from short term deposits	6,602	6,602	8,535
	<u>8,535</u>	<u>8,535</u>	
<i>Total 2019</i>	<u>8,535</u>	<u>8,535</u>	

MILTON KEYNES EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total 2019 £</i>
Expenditure on fundraising trading activities:					
Direct costs	-	-	32,277	32,277	62,364
Educational operations:					
Direct costs	11,821,221	-	747,466	12,568,687	11,237,776
Allocated support costs	3,069,277	2,715,067	1,151,211	6,935,555	6,894,313
	<u>14,890,498</u>	<u>2,715,067</u>	<u>1,930,954</u>	<u>19,536,519</u>	<u>18,194,453</u>
<i>Total 2019</i>	<u>13,439,763</u>	<u>1,995,626</u>	<u>2,759,064</u>	<u>18,194,453</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational operations	<u>614,988</u>	<u>18,889,254</u>	<u>19,504,242</u>	<u>18,132,089</u>
<i>Total 2019</i>	<u>834,780</u>	<u>17,297,309</u>	<u>18,132,089</u>	

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

10. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational operations	12,568,687	6,935,555	19,504,242	18,132,089
<i>Total 2019</i>	<u>11,237,776</u>	<u>6,894,313</u>	<u>18,132,089</u>	

Analysis of direct costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	11,787,320	11,787,320	10,550,233
Other staff costs	33,901	33,901	133,917
Educational supplies	259,079	259,079	133,268
Examination fees	153,739	153,739	186,673
Consultancy	78,429	78,429	56,845
Technology costs	232,243	232,243	153,735
Other costs	23,976	23,976	23,105
	<u>12,568,687</u>	<u>12,568,687</u>	<u>11,237,776</u>
<i>Total 2019</i>	<u>11,237,776</u>	<u>11,237,776</u>	

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

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Pension finance costs	117,000	117,000	127,000
Staff costs	2,952,277	2,952,277	2,621,216
Depreciation	1,183,448	1,183,448	1,142,341
Other staff costs	40,482	40,482	58,849
Educational supplies	4,620	4,620	-
Consultancy	84,330	84,330	115,886
Maintenance of premises and equipment	273,652	273,652	224,211
Recruitment	41,564	41,564	90,948
Cleaning and caretaking	493,972	493,972	470,537
Rent & rates	130,981	130,981	129,474
Energy	195,985	195,985	219,479
Insurance	66,376	66,376	71,366
Security & transport	73,569	73,569	66,956
Technology costs	263,799	263,799	236,306
Catering	577,055	577,055	767,230
Bank interest and charges	32	32	96
Other costs	218,938	218,938	304,191
Governance costs	41,795	41,795	42,954
Sundry equipment	175,680	175,680	205,273
	6,935,555	6,935,555	6,894,313
	6,935,555	6,935,555	6,894,313
<i>Total 2019</i>	6,894,313	6,894,313	6,894,313
	6,894,313	6,894,313	6,894,313

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

11. Net expenditure

Net expenditure for the year includes:

	2020	<i>2019</i>
	£	£
Operating lease rentals	153,993	<i>285,643</i>
Depreciation of tangible fixed assets	1,183,448	<i>1,142,341</i>
Fees paid to auditors for:		
- audit	17,500	<i>17,000</i>
- other services	3,625	<i>3,500</i>
	<u>1,364,566</u>	<i><u>1,552,484</u></i>

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£	£
Wages and salaries	10,820,494	<i>10,175,971</i>
Social security costs	972,297	<i>871,065</i>
Pension costs	2,946,806	<i>2,114,413</i>
	<u>14,739,597</u>	<i><u>13,161,449</u></i>
Agency staff costs	33,901	<i>141,314</i>
Staff restructuring costs	-	<i>10,000</i>
Pension costs	117,000	<i>127,000</i>
	<u>14,890,498</u>	<i><u>13,439,763</u></i>

Staff restructuring costs comprise:

Termination payments	-	<i>10,000</i>
	<u>-</u>	<i><u>10,000</u></i>

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

Included in staff restructuring costs are non-statutory/non-contractual termination payments totalling £nil (2019: £10,000).

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

12. Staff (continued)

c. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	207	<i>193</i>
Administration and support	209	<i>206</i>
Management	7	<i>7</i>
	423	<i>406</i>

d. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>2</i>
In the band £70,001 - £80,000	2	<i>2</i>
In the band £80,001 - £90,000	-	<i>2</i>
In the band £90,001 - £100,000	1	<i>-</i>
In the band £110,001 - £120,000	-	<i>1</i>
In the band £120,001 - £130,000	1	<i>-</i>

e. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £677,945 (*2019 £649,909*).

MILTON KEYNES EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. Central services

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

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

The academy charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Walton High	595,056	537,472
New Chapter Primary School	77,288	77,190
Heronsgate School	93,696	92,625
Kents Hill School	31,108	31,374
Total	797,148	738,661

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2020 £	2019 £
Michelle Currie, Chief Executive Remuneration	120,000 - 125,000	115,000 - 120,000
Pension contributions paid	25,000 - 30,000	
J Edwards Remuneration	75,000 - 80,000	80,000 - 85,000
Pension contributions paid	15,000 - 20,000	10,000 - 15,000

During the year, retirement benefits were accruing to 2 Trustees (2019 - 2) in respect of defined benefit pension schemes.

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

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

15. Trustees' and Officers' insurance

The academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

16. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation						
At 1 September 2019	43,503,141	857,771	512,999	59,718	187,284	45,120,913
Additions	109,912	186,912	13,876	-	-	310,700
Transfers between classes	179,280	8,004	-	-	(187,284)	-
At 31 August 2020	<u>43,792,333</u>	<u>1,052,687</u>	<u>526,875</u>	<u>59,718</u>	<u>-</u>	<u>45,431,613</u>
Depreciation						
At 1 September 2019	7,051,377	280,338	325,395	39,728	-	7,696,838
Charge for the year	962,536	114,950	100,937	5,025	-	1,183,448
At 31 August 2020	<u>8,013,913</u>	<u>395,288</u>	<u>426,332</u>	<u>44,753</u>	<u>-</u>	<u>8,880,286</u>
Net book value						
At 31 August 2020	<u><u>35,778,420</u></u>	<u><u>657,399</u></u>	<u><u>100,543</u></u>	<u><u>14,965</u></u>	<u><u>-</u></u>	<u><u>36,551,327</u></u>
At 31 August 2019	<u><u>36,451,764</u></u>	<u><u>577,433</u></u>	<u><u>187,604</u></u>	<u><u>19,990</u></u>	<u><u>187,284</u></u>	<u><u>37,424,075</u></u>

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

The academy trust's transactions relating to land and buildings included:

- the acquisition of freehold property improvements which was purchased by the academy trust as a value of £289,192.

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

17. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	8,531	43,807
Other debtors	99,849	150,401
Prepayments and accrued income	546,265	393,530
	654,645	587,738
	654,645	587,738

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	3,684	-
Trade creditors	375,611	543,426
Other taxation and social security	246,910	232,143
Other creditors	11,921	212
Accruals and deferred income	185,696	207,357
	823,822	983,138
	823,822	983,138
	2020	2019
	£	£
Deferred income at 1 September 2019	146,117	172,120
Resources deferred during the year	122,256	146,117
Amounts released from previous periods	(146,117)	(172,120)
	122,256	146,117
	122,256	146,117

At the balance sheet date, the Academy Trust was holding funds received in advance for various grants relating to activities in the next financial year.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due after more than one year

	2020	<i>2019</i>
	£	£
Other loans	3,683	<i>11,050</i>

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

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	1,149,618	591,593	(647,265)	-	-	1,093,946
Restricted general funds						
General Annual Grant (GAG)	655,967	15,225,503	(15,118,129)	(235,222)	-	528,119
Other DfE / ESFA grants	-	986,276	(986,276)	-	-	-
Local authority grants	-	381,671	(381,671)	-	-	-
Other grants	-	189,074	(189,074)	-	-	-
Other funding	-	181,656	(181,656)	-	-	-
Pension reserve	(6,615,000)	-	(849,000)	-	(2,362,000)	(9,826,000)
	<u>(5,959,033)</u>	<u>16,964,180</u>	<u>(17,705,806)</u>	<u>(235,222)</u>	<u>(2,362,000)</u>	<u>(9,297,881)</u>
Restricted fixed asset funds						
Fixed assets	37,424,075	-	(1,183,448)	310,700	-	36,551,327
DfE / ESFA capital grants	13,387	62,091	-	(75,478)	-	-
	<u>37,437,462</u>	<u>62,091</u>	<u>(1,183,448)</u>	<u>235,222</u>	<u>-</u>	<u>36,551,327</u>
Total Restricted funds	<u>31,478,429</u>	<u>17,026,271</u>	<u>(18,889,254)</u>	<u>-</u>	<u>(2,362,000)</u>	<u>27,253,446</u>
Total funds	<u>32,628,047</u>	<u>17,617,864</u>	<u>(19,536,519)</u>	<u>-</u>	<u>(2,362,000)</u>	<u>28,347,392</u>

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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

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

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

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	<i>2019</i>
	£	£
Walton High	669,934	<i>617,805</i>
New Chapter Primary School	373,654	<i>473,757</i>
Heronsgate School	290,064	<i>341,887</i>
Kents Hill School	97,807	<i>239,812</i>
Central Services	190,606	<i>132,324</i>
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,622,065	<i>1,805,585</i>
Restricted fixed asset fund	36,551,327	<i>37,437,462</i>
Pension reserve	(9,826,000)	<i>(6,615,000)</i>
	<hr/>	<hr/>
Total	28,347,392	<i>32,628,047</i>
	<hr/> <hr/>	<hr/> <hr/>

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

20. Statement of 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	Total 2020	<i>Total 2019</i>
	£	£	£	£	£	£
Walton High	8,451,669	1,803,781	473,387	2,019,262	12,748,099	<i>11,797,843</i>
New Chapter Primary School	1,167,345	234,876	32,028	176,851	1,611,100	<i>1,534,438</i>
Heronsgate School	1,332,107	236,771	156,260	237,819	1,962,957	<i>1,885,376</i>
Kents Hill School	636,932	170,367	30,447	127,703	965,449	<i>952,214</i>
Central Services	233,168	623,473	55,344	153,481	1,065,466	<i>882,241</i>
Academy	11,821,221	3,069,268	747,466	2,715,116	18,353,071	<i>17,052,112</i>

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20. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
Unrestricted funds	1,088,300	958,462	(897,144)	-	-	1,149,618
Restricted general funds						
General Annual Grant (GAG)	-	14,125,790	(13,252,462)	(217,361)	-	655,967
Other DfE / ESFA grants	513,891	1,030,766	(1,544,657)	-	-	-
Local authority grants	-	403,019	(403,019)	-	-	-
Other grants	-	57,720	(57,720)	-	-	-
Other funding	-	300,110	(300,110)	-	-	-
Pension reserve	(5,099,000)	-	(597,000)	-	(919,000)	(6,615,000)
	<u>(4,585,109)</u>	<u>15,917,405</u>	<u>(16,154,968)</u>	<u>(217,361)</u>	<u>(919,000)</u>	<u>(5,959,033)</u>
Restricted fixed asset funds						
Fixed assets	37,993,853	-	(1,142,341)	572,563	-	37,424,075
DfE / ESFA capital grants	65,611	302,978	-	(355,202)	-	13,387
	<u>38,059,464</u>	<u>302,978</u>	<u>(1,142,341)</u>	<u>217,361</u>	<u>-</u>	<u>37,437,462</u>
Total Restricted funds	<u>33,474,355</u>	<u>16,220,383</u>	<u>(17,297,309)</u>	<u>-</u>	<u>(919,000)</u>	<u>31,478,429</u>
Total funds	<u><u>34,562,655</u></u>	<u><u>17,178,845</u></u>	<u><u>(18,194,453)</u></u>	<u><u>-</u></u>	<u><u>(919,000)</u></u>	<u><u>32,628,047</u></u>

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21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	36,551,327	36,551,327
Current assets	1,093,946	1,355,624	-	2,449,570
Creditors due within one year	-	(823,822)	-	(823,822)
Creditors due in more than one year	-	(3,683)	-	(3,683)
Provisions for liabilities and charges	-	(9,826,000)	-	(9,826,000)
Total	1,093,946	(9,297,881)	36,551,327	28,347,392

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	37,424,075	37,424,075
Current assets	1,149,618	1,650,155	13,387	2,813,160
Creditors due within one year	-	(983,138)	-	(983,138)
Creditors due in more than one year	-	(11,050)	-	(11,050)
Provisions for liabilities and charges	-	(6,615,000)	-	(6,615,000)
Total	1,149,618	(5,959,033)	37,437,462	32,628,047

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

	2020 £	2019 £
Net expenditure for the period (as per statement of financial activities)	(1,918,655)	<i>(1,015,608)</i>
Adjustments for:		
Depreciation	1,183,448	<i>1,142,341</i>
Capital grants from DfE and other capital income	(62,091)	<i>(302,978)</i>
Interest receivable	(6,554)	<i>(8,535)</i>
Defined benefit pension scheme settlements	8,000	<i>6,000</i>
Defined benefit pension scheme cost less contributions payable	724,000	<i>464,000</i>
Defined benefit pension scheme finance cost	117,000	<i>127,000</i>
Increase in debtors	(66,906)	<i>(77,997)</i>
(Decrease)/increase in creditors	(163,000)	<i>174,712</i>
Net cash (used in)/provided by operating activities	(184,758)	<i>508,935</i>

23. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(3,683)	<i>(3,683)</i>
Net cash used in financing activities	(3,683)	<i>(3,683)</i>

24. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	6,554	<i>8,535</i>
Purchase of tangible fixed assets	(310,700)	<i>(572,563)</i>
Capital grants from DfE Group	62,091	<i>302,978</i>
Net cash used in investing activities	(242,055)	<i>(261,050)</i>

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25. Analysis of cash and cash equivalents

	2020	<i>2019</i>
	£	£
Cash in hand	1,794,926	<i>2,225,422</i>
Total cash and cash equivalents	1,794,926	<i>2,225,422</i>

26. Analysis of changes in net debt

	At 1 September 2019	Cash flows	Other non- cash changes	At 31 August 2020
	£	£	£	£
Cash at bank and in hand	2,225,422	(430,496)	-	1,794,926
Debt due within 1 year	-	-	(3,684)	(3,684)
Debt due after 1 year	(11,050)	-	3,684	(7,366)
	2,214,372	(430,496)	-	1,783,876

27. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

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27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,574,314 (2019 - £1,036,717).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £844,000 (2019 - £792,000), of which employer's contributions totalled £645,000 (2019 - £603,000) and employees' contributions totalled £ 199,000 (2019 - £189,000). The agreed contribution rates for future years are 20.0 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note 2.13 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

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27. Pension commitments (continued)

Principal actuarial assumptions

	2020	<i>2019</i>
	%	%
Rate of increase in salaries	3.25	3.70
Rate of increase for pensions in payment/inflation	2.25	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.25	2.20

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

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

Sensitivity analysis

Share of scheme assets

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

	2020	<i>2019</i>
	£	£
Equities	4,803,000	4,733,000
Gilts	922,000	1,033,000
Corporate bonds	1,373,000	1,253,000
Property	548,000	601,000
Cash and other liquid assets	230,000	283,000
Alternative assets	884,000	908,000
Total market value of assets	8,760,000	<i>8,811,000</i>

The actual return on scheme assets was £285,000 (2019 - £681,000).

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27. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2020 £	2019 £
Current service cost	(1,369,000)	(939,000)
Past service cost	-	(128,000)
Interest income	169,000	208,000
Interest cost	(286,000)	(335,000)
Administrative expenses	(8,000)	(6,000)
Total amount recognised in the Statement of financial activities	(1,494,000)	(1,200,000)

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

	2020 £	2019 £
At 1 September	15,426,000	12,679,000
Current service cost	1,369,000	939,000
Interest cost	286,000	335,000
Employee contributions	199,000	189,000
Actuarial losses	1,451,000	1,392,000
Benefits paid	(145,000)	(236,000)
Past service costs	-	128,000
At 31 August	18,586,000	15,426,000

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

	2020 £	2019 £
At 1 September	8,811,000	7,580,000
Interest income	169,000	208,000
Actuarial (losses)/gains	(911,000)	473,000
Employer contributions	645,000	603,000
Employee contributions	199,000	189,000
Benefits paid	(145,000)	(236,000)
Administrative expenses	(8,000)	(6,000)
At 31 August	8,760,000	8,811,000

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28. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	143,501	182,026
Later than 1 year and not later than 5 years	188,509	188,723
	<u>332,010</u>	<u>370,749</u>

29. Members' liability

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

30. Related party transactions

Owing to the nature of the academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the period of account:

Ambivent Limited - a company in which Mr S Haddy, a trustee, is a Non-executive Director:
The academy trust purchased facilities management services from Ambivent Limited totalling £3,324 (2019: £4,693) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil). The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr S Haddy neither participated in, nor influenced. In entering the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

D Edwards, a close family member of J Edwards, a trustee, is employed by the academy trust as a Technician. D Edwards' appointment was made in open competition and J Edwards was not involved in the decision-making process regarding appointment. D Edwards is paid within the normal pay scale for their role and receives no special treatment as a result of their relationship to a trustee.

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31. Agency Arrangments

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £25,989 (2019: £30,353) and disbursed £25,989 (2019: £35,838) from the fund. An amount of £nil (2019: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.