

Registration number: 09306360

# The Keys Federation

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



**HALLIDAYS**  
MORE THAN JUST ACCOUNTANTS

Hallidays  
Riverside House  
King's Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

# **The Keys Federation**

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## The Keys Federation

### Reference and Administrative Details

|  |  |
|--|--|
| <b>Members</b>                         | Mr D Crossley<br>Mrs S Davidson<br>Rev'd Canon M Sherwin (resigned 30 June 2016)<br>Mr D Thorpe  |
| <b>Directors/Trustees</b>              | Mrs S Bruton (Chief Executive and Accounting Officer)<br>Mr B Anthon (Vice-Chairperson) (Chairperson from 20 September 2016)<br>Mrs S Davidson (Chairperson to 20 September 2016)<br>Mrs K Gore<br>Mr A Meadows *<br>Mrs J Reynolds *<br>Rev'd Canon M Sherwin (resigned 30 June 2016)<br>Mrs J Smith<br>Mrs A Taylor (resigned 31 January 2016)<br>Mrs L Worswick<br>Mrs L Worthington *<br>(*members of the Audit Committee)             |
| <b>Senior Management Team</b>          | Mrs S Bruton, Chief Executive Officer<br>Mrs J Adams, Director of Academy Excellence<br>Mrs J Jones, Chief Finance Officer<br>Mrs N Green, Principal - St. Peter's Hindley<br>Mrs D Affleck, Principal - Hindley Green CP<br>Mrs L Houghton, Principal - St. John's Hindley Green (resigned 31 December 2015)<br>Mr T Mooney, Principal - St. John's Abram<br>Mr J Heatley, Principal - St. John's Hindley Green (appointed 31 March 2016) |
| <b>Principal and Registered Office</b> | 682 Atherton Road<br>Hindley Green<br>Wigan<br>WN2 4SQ   |
| <b>Company Registration Number</b>     | 09306360 (England and Wales)   |
| <b>Auditors</b>                        | Hallidays<br>Riverside House<br>King's Reach Business Park<br>Yew Street<br>Stockport<br>SK4 2HD   |

## **The Keys Federation**

### **Reference and Administrative Details (continued)**

**Bankers**

Lloyds Bank  
2-6 Market Street  
Wigan  
WN1 1JN

**Solicitors**

Lee Bolton Monier Williams  
1 The Sanctuary  
London  
SW1P 3JT



## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates four primary schools in Wigan. Its schools have a combined pupil capacity of 1190 plus 78 Nursery places and had numbers on roll (NOR) of 1160 pupils and 60 Nursery children, in the school census on 19 May 2016.

| School   | Capacity | Number on roll at 19.5.16 |
|--|----------|---------------------------|
| St. Peter's C. of E. Primary School, Hindley     | 315      | 311                       |
| Hindley Green Community Primary School           | 420      | 412                       |
| HGCP Nursery – part time places                  | 78       | 44                        |
| St. John's C. of E Primary School, Hindley Green | 210      | 186                       |
| St. John's C. of E. Primary School, Abram        | 245      | 251                       |

#### Structure, governance and management

##### *Constitution*

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and Anglican articles of association are the primary governing documents of the academy trust. The trustees of The Keys Federation are the directors of the charitable company for the purposes of company law. The charitable company is known as The Keys Federation.

Details of the trustees/directors who served during the year are included in the Reference and Administrative Details on page 1.

##### *Members' liability*

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

##### *Trustees' indemnities*

Professional Indemnity Insurance is in place to protect Members, Trustees/Directors and officers from claims arising from negligent acts, errors or omissions occurring on Trust business.

##### *Method of recruitment and appointment or election of Trustees*

The members of the trust are responsible for the appointment of trustees/directors and is dependent upon their expertise, experience and skills. The number of trustees/directors shall be a minimum of five but shall not be subject to any maximum, as referenced in the articles of association (45-46a) and are appointed for a term of four years.

## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Policies and procedures adopted for the induction and training of Trustees***

Trustees/Directors are appointed based on the skills they will bring to the Board to maintain a robust overview and governance throughout the Trust. On appointment, Trustees/Directors receive information relating to the Trust, including policies and procedures and receive an induction pack on the role and responsibilities of Trustees/Directors.

Appropriate training opportunities are provided throughout the year based on their existing areas of expertise.

#### ***Organisational structure***

The Trustees/Directors are responsible for setting general policy, the strategic direction and growth of the Trust, adopting an annual plan and budget, monitoring the Trust and schools by the use of financial management and other performance information, making appointments to the Federation Senior Leadership Team and approving the Annual Report and Financial Statements.

The Chief Executive Officer is the Accounting Officer. The management of the Trust is delegated to the Chief Executive Officer and the Federation Senior Leadership Team (FSLT). The FSLT consists of the Chief Executive Officer, Director of Academy Excellence, Principals and the Chief Finance Officer. These managers control the Trust and schools at an executive level implementing the policies laid down by the Trustees/Directors and reporting back to them. As a group the FSLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointments for members of the Federation Senior Leadership Team always contain Trustees/Directors.

The FSLT delegates day to day responsibilities to the Senior Leadership Team (SLT) of each school which consists of the Principal and Assistant Principals. These managers are responsible for the day to day operation of the schools, in particular organising staff (teaching and non-teaching), facilities and pupils.

The Board of Trustees/Directors meet at least termly with the first meeting in each academic year being the business meeting. The Trustee/Director committees for Resources, Audit, Quality Assurance & Standards and Performance Management and the Local Advisory Committees (LAC) for each school meet on at least a termly basis. Reports from Trustee/Director Committees and the LACs are received, scrutinised and ratified by the Trustees/Directors. LAC representatives make regular visits to all schools within the Trust, including attending LAC meetings and attending and supporting functions.

Roles and responsibilities of Members, Trustees/Directors and senior managers are clearly defined in the Company Delegation checklist.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The pay and remuneration for the Chief Executive Officer and the Chief Finance Officer are set and annually reviewed by the Trustees/Directors' Resources Committee, following external professional advice and benchmarking against national comparators.

The Director of Academy Excellence and the Principals in each school are subject to Teachers' terms & conditions and the pay and remuneration of these key personnel are set and annually reviewed by the Trustees/Directors' Resources Committee.

## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Connected organisations, including related party relationships***

The Keys Federation controls Play Pals Childcare (North West), a childcare company providing Before & After School Childcare and Nursery Day Care for the schools within the Trust. Play Pals Childcare (North West) operates as a company limited by guarantee. The Chief Executive Officer (CEO) and the Chief Finance Officer (CFO) are Directors of Play Pals Childcare (North West).

This dynamic relationship between The Keys Federation and Play Pals ensures that all families can access high quality childcare if required.

The CEO acts as the National Primary Lead and Strategic Partner for the Whole Education Network, a values-led, impact-focused and evidence-informed organisation. Whole Education is a partnership of schools and organisations committed to redefining today's educational offering. As a national network, this facilitates shared-learning and collaboration between innovative schools; exposes teachers to world-class thinking and approaches; and supports effective professional development, enabling its member school to move beyond delivering the national curriculum to building a stronger foundation for learning – a 'whole education'.

#### **Objectives and activities**

##### ***Objects and aims***

The Trust's principal object is to advance for the public benefit education for children by establishing, maintaining, carrying on, managing and developing schools which shall offer a broad and balance curriculum and which shall include Church of England schools and other schools whether with or without a designated religious character.

The vision of the Trustees/Directors is to unlock potential and provide innovative opportunities at the heart of our communities and make a difference by raising aspirations and improving children's life chances within safe and welcoming environments.

Our schools are all about passion, determination and enthusiasm. We see challenges as opportunities and have an unshakeable belief in the right of children to a high quality education.

##### ***Objectives, strategies and activities***

The Trust's main strategy is to develop and maintain a culture of excellence across our organisation that provides fantastic learning opportunities for the children in our schools.

The Trust's objectives for the year ending 31 August 2016 are summarised below:

- To raise the standard of educational achievements of all pupils in the Trust's schools;
- To ensure that every child enjoys the same high quality education in terms of resourcing, teaching and learning;
- To comply with all appropriate statutory and curriculum requirements;
- To provide value for money for the funds expended;
- To conduct the Trust business in accordance with the highest standards of integrity, probity and openness.

The Keys Federation Academy Trust is an organisation that provides opportunities for pupils and staff alike, but always embraces the local community so as to ensure the schools are at the centre. We aim for our communities to be proud of their local Keys Federation school.

As we continue to grow, we are determined to remain an organisation of 'first choice'. We believe that it is important that children are able to attend a 'Good' or 'Outstanding' local school.

## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Public benefit***

The Trust's purpose is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools which shall offer a broad and balanced curriculum. Our schools directly serve our local communities and provide free education to pupils in the catchment areas.

The Academy Trustee/Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.



## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### Achievements and performance

Our schools are part of the local authority's school improvement consortia model, which includes 24 schools. Our CEO is the Lead of the local area consortium and a National Leader of Education (NLE). One of our schools, St. Peter's, is a National Support School and two of our Principals are Specialist Leaders of Education (SLEs) who have led programmes of school-to-school support in a number of primary schools in relation to Early Years Provision and Teaching & Learning Pedagogy. Our Chief Finance Officer is also a SLE for school business management and academy conversion.

At the end of Year 2, children were assessed according to Age Related Expectations (ARE). The national expectation is that all children meet Age Related Expectations by the end of Key Stage 1.

This year's results are not comparable to results from previous years that were under a different system of assessment.

The Key Stage 1 assessment results for our schools in 2015/16 were as follows:

| <b>KS1 Expected</b> |                         |             |                     |                   |                        |
|---------------------|-------------------------|-------------|---------------------|-------------------|------------------------|
|                     | <b>National average</b> | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
| <b>Reading</b>      | 74%                     | 68%         | 79%                 | 82%               | 71%                    |
| <b>Writing</b>      | 66%                     | 63%         | 72%                 | 64%               | 66%                    |
| <b>Maths</b>        | 73%                     | 73%         | 72%                 | 82%               | 80%                    |

| <b>KS1 Exceeding</b> |                         |             |                     |                   |                        |
|----------------------|-------------------------|-------------|---------------------|-------------------|------------------------|
|                      | <b>National average</b> | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
| <b>Reading</b>       | 24%                     | 13%         | 28%                 | 28%               | 23%                    |
| <b>Writing</b>       | 13%                     | 5%          | 0%                  | 6%                | 6%                     |
| <b>Maths</b>         | 18%                     | 21%         | 21%                 | 30%               | 20%                    |

Key Stage 1 progress based on teacher assessment is as follows:

| <b>Y2: Expected progress+ (based on TA data)</b> |             |                     |                   |                        |
|--|-------------|---------------------|-------------------|------------------------|
|  | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
| <b>Reading</b>                                   | 84%         | 93%                 | 98%               | 63%                    |
| <b>Writing</b>                                   | 77%         | 90%                 | 88%               | 77%                    |
| <b>Maths</b>                                     | 84%         | 83%                 | 90%               | 74%                    |

At the end of Year 6, children were assessed according to Age Related Expectations (ARE). The national expectation is that all children will be working at Age Related Expectations by the end of Key Stage 2. This year's results are not comparable to results from previous years which were under a different system of assessment and the standard expected at ARE is significantly higher than 2015.

The Key Stage 2 assessment results for our schools in 2015/16 were as follows:



## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

| <b>KS2: Expected</b> |                         |             |                     |                   |                        |
|----------------------|-------------------------|-------------|---------------------|-------------------|------------------------|
|                      |                         | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
|                      | <b>National average</b> | <b>Test</b> | <b>Test</b>         | <b>Test</b>       | <b>Test</b>            |
| <b>Reading</b>       | 66%                     | 68%         | 50%                 | 66%               | 50%                    |
| <b>Writing - TA</b>  | 74%                     | 80%         | 71%                 | 71%               | 59%                    |
| <b>SPAG</b>          | 72%                     | 73%         | 63%                 | 86%               | 50%                    |
| <b>Maths</b>         | 70%                     | 61%         | 54%                 | 60%               | 38%                    |
| <b>R/W/M</b>         | 53%                     | 47%         | 38%                 | 49%               | 32%                    |

| <b>KS2: Exceeding (Teacher Assessment only)</b> |  |             |                     |                   |                        |
|---|--|-------------|---------------------|-------------------|------------------------|
|   |  | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
| <b>Reading</b>                                  |  | 22%         | 29%                 | 37%               | 29%                    |
| <b>Writing</b>                                  |  | 15%         | 0%                  | 20%               | 21%                    |
| <b>Maths</b>                                    |  | 27%         | 25%                 | 40%               | 21%                    |

Key Stage 2 progress based on teacher assessment is as follows:

| <b>Y6: Expected progress+ (based on TA data)</b> |  |             |                     |                   |                        |
|--|--|-------------|---------------------|-------------------|------------------------|
|  |  | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peter's</b> | <b>St John's Abram</b> |
| <b>Reading</b>                                   |  | 80%         | 79%                 | 60%               | 91%                    |
| <b>Writing</b>                                   |  | 97%         | 75%                 | 71%               | 91%                    |
| <b>Maths</b>                                     |  | 93%         | 71%                 | 83%               | 91%                    |

And the provisional progress outcomes, compared to national floor standard are as follows:

|                | <b>Floor standard</b> | <b>HGCP</b> | <b>St John's HG</b> | <b>St Peters</b> | <b>St John's Abram</b> |
|----------------|-----------------------|-------------|---------------------|------------------|------------------------|
| <b>Reading</b> | -5.0                  | -0.2        | -1.8                | -3.5             | -3.1                   |
| <b>Writing</b> | -7.0                  | 1.7         | -1.9                | -1.2             | 0.6                    |
| <b>Maths</b>   | -5.0                  | -0.9        | -1.5                | -2.5             | -4.0                   |

Attendance in our schools for 2015/16 academic year was as follows:

| <b>St. Peter's C. of E. Primary, Hindley</b> | <b>Hindley Green CP School</b> | <b>St. John's C. of E. Primary, Hindley Green</b> | <b>St. John's C. of E. Primary, Abram</b> |
|--|--------------------------------|---|---|
| 96.3%  | 95.4%                          | 95.8%   | 95.4%                                     |
| compared to 96.5% in 2014/15                 | compared to 95.3% in 2014/15   | compared to 94.8% in 2014/15                      | compared to 95.2% in 2014/15              |

The National average attendance for 2014/15 was 96% in primary schools (published March 2016).

We are proud of our pupils and staff achievements and we continue to make year on year improvements in every aspect of our work. We have high aspirations for our pupils and a clear vision for even further improvement and success. We are committed to a breadth and depth of learning, not simply core subjects.

## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

Other notable achievements across the Trust's academies during the period include:

- Awards from Whole Education for our work to develop a Whole Education curriculum and transforming professional learning.
- St. Peter's Hindley received the Sportsmark Gold Award, Bronze Modeshift Stars Award, Church School 2 Award, Green Flag Award, Leading Parent Partnership Award, Bronze Mental Health award.
- Hindley Green CP received the Sportsmark Gold Award, Mental Health Bronze award, Church School Partnership Award 1, Leading Parent Partnership Award, Artsmark Music Provision Bronze Award, Sing Up Awards, Modeshift Stars Bronze Award.
- St. John's Hindley Green received the Leading Parent Partnership Award, Sportsmark Gold Award and the Gold Mental Health award.
- St. John's Abram received the Sportsmark Gold Award.
- Continued successful promotion of The Keys Federation brand and National Support School securing further significant school to school support contracts in the North West.
- Development of the Music and Sports Academies to enrich the curriculum and provide exciting opportunities for our children.

#### ***Key non-financial performance indicators***

The Education Funding Agency (EFA) monitors the Academy Trust via a number of statistical returns. The Trust completed a self-assessment of its financial management and governance in February 2016. The Trustees/Director's Resources Committee monitor percentage spends and emphasis is placed on monitoring staffing and educational resources spending.

The Trustees/Directors approved the budget for the period 1 September 2015 to 31 August 2016 and staffing costs for the 12 months period accounted for 75% of all restricted fund income.

#### ***Going concern***

After making appropriate enquiries, the Board of Trustees/Directors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.



## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

##### **Financial review**

Most of the Trust and Academy income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the twelve months ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants from the EFA and other organisations. In accordance with the Charity Commission's document 'Accounting and Reporting by Charities: Statement of Recommended Practice 2005', such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the twelve months ended 31 August 2016, total expenditure of £5,059,535 (which excludes depreciation of £415,233 and FRS 102 service cost and interest of £106,000) was more than covered by recurrent grant income from the EFA together with other incoming resources which totalled £5,517,309. The excess of income over expenditure for the year was £245,479. Total funds carried forward amount to £1,441,671. This is in line with the Trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation, its curriculum resource and its infrastructure.

Unrestricted income in the twelve months ended 31 August 2016 amounted to £299,701. There was no unrestricted expenditure in the year.

At 31 August 2016 the net book value of fixed assets amounted to £9,029,239 and movements in fixed assets are shown in note 12 to the financial statements. The cost of fixed asset additions in the twelve months to 31 August 2016 amounted to £281,728.

##### **Employment of disabled persons**

The Keys Federation Academy Trust is an equal opportunity employer and proudly discloses this throughout its recruitment processes. The Trust welcomes applications for employment from disabled persons.

The Trust is responsive to changes to an employee's individual circumstances through being or becoming disabled, including making appropriate adjustments to working conditions. As an employee of the Trust, a disabled person can expect to be afforded development and career progression that befits their skills and expertise.



## **The Keys Federation**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

##### ***Reserves policy***

The Trustees/Directors review the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the type of reserves. The Trust's current level of free reserves (total reserves less the amounts held in restricted fund, fixed asset fund and restricted pension fund) is £1,245,913. Last year this was £946,212.

The Trustees/Directors have decided to adopt a prudent approach to reserves and aim to build a group of reserve of designated funds to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the Trust's business activities and quality of education at all of the academies in the group.

The net liability of the Trust in the Local Government Pension Scheme (LGPS) amounts to £1,929,000. It should however be noted that an immediate liability for this amount is not crystallised at the financial year end. 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 and provides comfort to the Trustees/Directors in the unlikely event of an academy closure.

##### ***Investment policy***

At The Keys Federation Academy Trust we are careful with the public money we are entrusted with. Adequate cash balances are maintained to ensure that there are always sufficient funds in the Trust's current account to cover financial commitments such as payroll and day-to-day expenses. However, If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested and we will take steps to manage the risk associated with such financial investments. Funds will be invested in tranches of up to £25,000 and after agreement from the Resources Committee.

During the twelve months to 31 August 2016, no such investments have been made but cash balances are safeguarded by investing them in interest bearing current accounts with sound commercial banks (currently Lloyds Bank PLC).

## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### *Principal risks and uncertainties*

The principal risks to the Trust are documented and managed using a risk register which is regularly reviewed.

The main risks are seen as:

- the loss of reputation resulting from a drop in standards and academic performance at the schools,
- failure to safeguard our pupils
- falling pupil numbers,
- budgetary pressures brought about by reduced public sector education spending and funding formula changes;
- pressures on growth which exceeds Trust capacity;
- lack of succession planning within Trust governance and leadership; and
- business interruption due to significant property related incidents.

Key controls in place to mitigate these risks are:

- In-depth, regular data analysis through the Quality Assurance Programme, including Consortia validation and external peer reviews
- Annual school improvement plans at all Academies of the Trust
- Robust self-evaluation procedures and careful monitoring of learning and teaching, linked to rigorous performance management
- An organisational structure with clearly defined roles, responsibilities and authorisation levels
- Documented terms of reference for the committees of the Trust and the Local Advisory Committees
- Financial planning, budgeting and regular monitoring reports highlighting key areas of financial risk
- Formal written and published policies for employees
- Vetting procedures as required by legislation for the protection of the vulnerable,
- Robust due diligence procedures in place for growth of the Trust, new contracts and commissions,
- Five year building and development plans for all sites
- Regular Premises & Grounds inspections and Health & Safety reports ensuring the Trust and its schools are statute compliant;
- Major Incident Policies and Plans.
- Review cycle for Governance and regular training with expertise from the system to ensure leadership strategy is robust

## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Strategic Report

##### *Plans for future periods*

The overall performance in this reporting period was strong and as a consequence will directly reinforce the Trust's medium to long-term strategy.

The Keys Federation Academy Trust will continue to work closely with Liverpool Diocese and the local authority, offering support to other schools and working groups through the Consortia.

The Trust's main annual objectives for next year are:

- To ensure a high quality Whole Education for all resulting in at least consistently good progress and impacting on attainment outcomes across all learning in our DREAM curriculum;
- To strive for continuous improvement in examination results and all indicators of performance in all of the Trust's schools, ensuring 85% of each cohort are working within age related expectations in reading, writing and maths by the end of 2016/17;
- All pupils to be able to communicate their knowledge and understanding clearly in an age appropriate way, to build learning skills for life;
- Attendance of at least 96% in all Trust schools;
- To develop The Spirit of Purpose incorporating high quality professional learning and career progression opportunities for all Trust employees;
- To monitor, maintain and support outstanding governance at The Keys Federation Academy Trust;
- To further develop the Music academy and Sports academy;
- To continue to develop school facilities at all sites;
- To maintain adequate financial reserves to fund building and other investment needs.
- To consider strategic growth opportunities that will achieve the Trust's mission and add value to the organisation;

Excellent standards of behaviour will be maintained to create a calm and well-ordered learning environments with nurture and support of pupils at the heart of our schools. The schools aim to maintain or increase pupil numbers and the DREAM curriculum (**D**epth of knowledge and understanding is facilitated through **R**esearch, **E**nquiry and **A**nalysis to ensure **M**astery of skills) will be broad, balanced and relevant in all Key Stages from Early Years to Key Stage 2, allowing all pupils to unlock their potential and achieve success.

Teaching and learning will have pace, purpose, variety and rigour. Pupils will be able to progress as a result of personalised programmes of study and will be confident users of ICT. Through robust assessment for learning, pupils will know what they need to do to improve.

Staff will be confident practitioners with appropriate professional development opportunities. Educational outcomes in all performance indicators will be above national averages and the schools will be in the "high performing" category. The strategic development of the schools will be effectively planned, monitored and supported by well-equipped and committed Local Advisory Committees and the main Board of Trustees/Directors.

## The Keys Federation

### Trustees' Report for the Year Ended 31 August 2016 (continued)

#### Funds held as Custodian Trustee on behalf of others

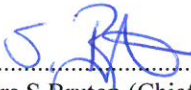
##### Auditor


In so far as the Trustees are aware:

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

The audit business Hallidays has been appointed as the company's auditor. The audit report has been issued by Hallidays.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees/Directors on 12 December 2016 and signed on its behalf by:

  
.....  
Mrs S Bruton (Chief Executive and Accounting Officer)  
Trustee

  
.....  
Mr B Anthon (Vice-Chairperson) (Chairperson from 20 September 2016)  
Trustee

## The Keys Federation

### Governance Statement

#### Statement on governance and internal control

##### Scope of responsibility

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

The Board of Trustees/Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Keys Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees/Directors any material weaknesses or breakdowns in internal control.

##### Governance reviews

The information on governance included here supplements that described in the Trustees'/Directors' Report and in the Statement of Trustees'/Directors' Responsibilities. The Board of Trustees/Directors formally met six times during the twelve months ended 31st August 2016. Attendance during the period at meetings of the Board of Trustees/Directors was as follows:

| Trustee                | Meetings attended | Out of a possible |
|------------------------|-------------------|-------------------|
| Mr. B. Anthon          | 6                 | 6                 |
| Mrs. S. Bruton         | 6                 | 6                 |
| Mrs. S. Davidson       | 6                 | 6                 |
| Mrs. K. Gore           | 5                 | 6                 |
| Mr. A. Meadows         | 6                 | 6                 |
| Mrs. J. Reynolds       | 5                 | 6                 |
| Rev'd Canon M. Sherwin | 2                 | 5                 |
| Mrs. J. Smith          | 5                 | 6                 |
| Mrs. A. Taylor         | 1                 | 3                 |
| Mrs. L. Worswick       | 2                 | 6                 |
| Mrs. L. Worthington    | 4                 | 6                 |

The Committees of the Board of Trustees/Directors have met on a regular basis throughout the year and the business conducted by these committees is reported to the Trust Board. Attendance at meetings in the twelve months ended 31st August 2016 was as follows:

**Resources Committee is responsible for all matters relating to Finance, Personnel, Facilities and Health & Safety.**

| Trustee          | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mr. B. Anthon    | 4                 | 4                 |
| Mrs. S. Bruton   | 4                 | 4                 |
| Mrs. S. Davidson | 3                 | 4                 |
| Mrs. K. Gore     | 4                 | 4                 |



## The Keys Federation

### Governance Statement (continued)

|                  |   |   |
|------------------|---|---|
| Mrs. J. Smith    | 4 | 4 |
| Mrs. L. Worswick | 3 | 4 |

*Mrs. J. Jones was in attendance at these meetings in her capacity as Chief Finance Officer from the Federation Senior Leadership Team.*

**Audit Committee maintains an oversight of the Academy Trust's governance, risk management, internal control and value for money framework.**

| Trustee             | Meetings attended | Out of a possible |
|---------------------|-------------------|-------------------|
| Mr. A. Meadows      | 3                 | 3                 |
| Mrs. J. Reynolds    | 3                 | 3                 |
| Mrs. L. Worthington | 2                 | 3                 |

*Mrs. J. Jones was in attendance at these meetings in her capacity as Chief Finance Officer from the Federation Senior Leadership Team.*

**Quality Assurance & Standards Committee is responsible for agreeing targets for pupil achievement and will receive regular reports on progress towards these targets.**

| Trustee                | Meetings attended | Out of a possible |
|------------------------|-------------------|-------------------|
| Mrs. S. Davidson       | 3                 | 3                 |
| Rev'd Canon M. Sherwin | 2                 | 3                 |
| Mrs. A. Taylor         | 0                 | 3                 |
| Mrs. L. Worswick       | 2                 | 3                 |
| Mrs. L. Worthington    | 3                 | 3                 |

*Mrs. J. Adams was in attendance at these meetings in her capacity as Director of Academy Excellence, along with the Principals from each Academy.*

**Performance Management Committee develops and monitors the implementation of, and annually reviews, the performance management policy.**

| Trustee                | Meetings attended | Out of a possible |
|------------------------|-------------------|-------------------|
| Mrs. S. Davidson       | 2                 | 2                 |
| Rev'd Canon M. Sherwin | 1                 | 2                 |
| Mrs. L. Worthington    | 1                 | 2                 |
| Mr. A. Meadows         | 1                 | 1                 |

*Mrs. S. Bruton was in attendance at these meetings in her capacity as Chief Executive officer from the Federation Senior Leadership Team.*

## **The Keys Federation**

### **Governance Statement (continued)**

Membership of the Local Advisory Committees has been reviewed during the year and a proactive approach to recruiting new members with the required skills set has been adopted.

During the Spring Term 2016 the Trust Board undertook a self-assessment of governance arrangements to ensure a strategic development plan could be implemented. The Board are seeking to appoint three additional trustees/directors with the necessary skills and expertise required.

To align with DfE strategy, an additional Trust Member, with expertise in Finance and Business, has also been approached and, once approved by the Diocese, will be appointed to ensure complete transparency and an independent approach.

#### **Review of value for money**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees/Directors where value for money can be improved, including the use of benchmarking data where available.

Set out below is how the accounting officer has ensured that the academy trust's use of its resources has provided good value for money during the academic year:

- The academy trust has developed and fully embedded tracking systems that ensure each individual child's progress is monitored rigorously throughout the year.
- Pupil attainment remains a priority across the academy trust and is a focus within each school's improvement plan.
- Effective use of Pupil Premium ensures pupils of differing needs achieve just as well as others.
- Collaboration between schools to facilitate consistency and good practice allowing educational professionals to share best practice, improve self-evaluation, cross pollenate strategy, data and resources and to be each other's critical friend.
- Annual review of staffing structures to ensure they are fit for purpose and can adapt and respond to support the successful completion of objectives within the School Improvement Plans.
- Teachers' performance management and support staff appraisal systems are in place to ensure that staff is working to clear objectives and targets.
- All members, trustees/directors, LAC representatives and members of the Federation Senior Leadership Team complete and annual register of pecuniary interests form and the opportunity to declare any pecuniary interest is provided at all trustee/director and LAC representative meetings.
- Ensuring the financial performance of the Trust is robust and the slightly better than anticipated surpluses are held in line with the Trust's Reserves policy. When taken together with academic performance, this demonstrates good financial management and the targeting of resources.
- The Trust's Resources Committee receives termly budget monitoring reports and directors are given the opportunity to question, challenge and discuss spending proposals in order to achieve value for money.
- The academy trust explores every opportunity to generate income through hire of facilities and pursuing funding bids.
- Re-tendering Catering contracts for the Trust.
- Arranging group contracts for supplies of services to the Trust, where appropriate, resulting in measurable cost savings.
- A Risk Register is in place and reviewed on a termly basis.
- Each school, and the Trust Head Office, has a Major Incident policy and plan in place that includes business continuity procedures.
- Making significant improvements to the fabric of the estate at its school sites and the introduction of an Estates team to reduce the cost of bought-in premises services.

## **The Keys Federation**

### **Governance Statement (continued)**

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Keys Federation for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board of Trustees/Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees/Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees/Directors.

#### **The risk and control framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative 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/Directors;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees/Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hallidays, the external auditor, to perform additional checks.

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

- **testing of receiving income**
- **testing of fixed asset registers**
- **testing the use of long-term loan agreements**

On a quarterly basis, the reports to the Board of Trustees/Directors on the operation of the systems of control and on the discharge of the Board of Trustees/Directors's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

#### **Review of effectiveness**

As Accounting Officer, Mrs S Bruton (Chief Executive and Accounting Officer) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the auditor in performing additional checks ;
- the work of the external auditor;



## The Keys Federation

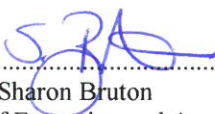
### Governance Statement (continued)

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee Resources Committee and a plan to address minor weaknesses and ensure continuous improvement of the system is in place.

Approved by order of members of the Board of Trustees/Directors on 12 December 2016 and signed on its behalf by

  
.....  
Mr Barend Anthon  
Chair of Trustees/Directors

  
.....  
Mrs Sharon Bruton  
Chief Executive and Accounting Officer

## **The Keys Federation**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of The Keys Federation I have considered my responsibility to notify the trust Board of Trustees/Directors and the Education Funding Agency (EFA) of material irregularity, irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Board of Trustees/Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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/Directors and EFA.



.....  
Mrs Sharon Bruton  
Accounting Officer

12 December 2016

## The Keys Federation

### Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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; and
- 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 on 12 December 2016 and signed on its behalf by:



.....  
Mr. Barend Anthon  
Chair of Trustees

## **The Keys Federation**

### **Independent Auditor's Report on the Financial Statements to the Members of The Keys Federation**

We have audited the financial statements of The Keys Federation for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 21), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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



## The Keys Federation

### Independent Auditor's Report on the Financial Statements to the Members of The Keys Federation (continued)

- 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.



Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
King's Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

12/12/16

## **The Keys Federation**

### **Independent Reporting Accountant's Report on Regularity to The Keys Federation and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 21 January 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Keys Federation during the period 1 September 2015 to 31 August 2016 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 the Board of Trustees/Directors and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Board of Trustees/Directors and the EFA 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 the Board of Trustees/Directors and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Keys Federation's funding agreement with the Secretary of State for Education dated 23 December 2014 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

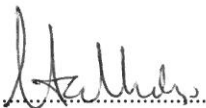
## The Keys Federation

### Independent Reporting Accountant's Report on Regularity to The Keys Federation and the Education Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the MAT board and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

#### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House  
King's Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date 12/12/16 .....

**The Keys Federation**

**Statement of Financial Activities for the Year Ended 31 August 2016  
(including Income and Expenditure Account)**

|   | Note | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Pension Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2016<br>£ |
|---|------|----------------------------|-------------------------------------|----------------------------------|---|--------------------|
| <b>Income and endowments from:</b>                        |      |                            |                                     |                                  |   |                    |
| Donations and capital grants                              | 2    | 17,124                     | 54,098                              | -                                | 114,622                                 | 185,844            |
| <i>Charitable activities:</i>                             |      |                            |                                     |                                  |   |                    |
| Funding for the Academy trust's educational operations    | 3    | -                          | 5,142,000                           | -                                | -                                       | 5,142,000          |
| Other trading activities                                  | 4    | 279,154                    | 21,510                              | -                                | -                                       | 300,664            |
| Investments   | 5    | 3,423                      | -                                   | -                                | -                                       | 3,423              |
| <b>Total</b>  |      | 299,701                    | 5,217,608                           | -                                | 114,622                                 | 5,631,931          |
| <b>Expenditure on:</b>                                    |      |                            |                                     |                                  |   |                    |
| <i>Charitable activities:</i>                             |      |                            |                                     |                                  |   |                    |
| Academy trust educational operations                      | 7    | -                          | 5,059,535                           | 106,000                          | 415,233                                 | 5,580,768          |
| Net income/(expenditure)                                  |      | 299,701                    | 158,073                             | (106,000)                        | (300,611)                               | 51,163             |
| Transfers between funds                                   |      | -                          | (212,295)                           | -                                | 212,295                                 | -                  |
| <b>Other recognised gains and losses</b>                  |      |                            |                                     |                                  |   |                    |
| Actuarial gains on defined benefit pension schemes        | 24   | -                          | -                                   | (651,000)                        | -                                       | (651,000)          |
| Net movement in funds/(deficit)                           |      | 299,701                    | (54,222)                            | (757,000)                        | (88,316)                                | (599,837)          |
| <b>Reconciliation of funds</b>                            |      |                            |                                     |                                  |   |                    |
| Total funds/(deficit) brought forward at 1 September 2015 |      | 946,212                    | 249,980                             | (1,172,000)                      | 9,196,823                               | 9,221,015          |
| Total funds/(deficit) carried forward at 31 August 2016   |      | 1,245,913                  | 195,758                             | (1,929,000)                      | 9,108,507                               | 8,621,178          |



## The Keys Federation

### Statement of Financial Activities for the Period from 11 November 2014 to 31 August 2015 (including Income and Expenditure Account)


| Note  | Unrestricted<br>Funds<br>£ | Restricted<br>General<br>Funds<br>£ | Restricted<br>Pension Funds<br>£ | Restricted<br>Fixed Asset<br>Funds<br>£ | Total<br>2015<br>£ |
|---|----------------------------|-------------------------------------|----------------------------------|---|--------------------|
| <b>Income and endowments from:</b>                      |                            |                                     |                                  |   |                    |
| Donations and capital grants                            | 53,699                     | 25,459                              | -                                | 70,852                                  | 150,010            |
| Transfer from local authority on conversion             | 610,106                    | -                                   | (1,044,000)                      | 9,382,000                               | 8,948,106          |
| <i>Charitable activities:</i>                           |                            |                                     |                                  |   |                    |
| Funding for the Academy trust's educational operations  | -                          | 3,317,194                           | -                                | -                                       | 3,317,194          |
| Other trading activities                                | 282,023                    | 7,280                               | -                                | -                                       | 289,303            |
| Investments   | 384                        | -                                   | -                                | -                                       | 384                |
| <b>Total</b>  | <b>946,212</b>             | <b>3,349,933</b>                    | <b>(1,044,000)</b>               | <b>9,452,852</b>                        | <b>12,704,997</b>  |
| <b>Expenditure on:</b>                                  |                            |                                     |                                  |   |                    |
| <i>Charitable activities:</i>                           |                            |                                     |                                  |   |                    |
| Academy trust educational operations                    | -                          | 3,091,164                           | 57,000                           | 264,818                                 | 3,412,982          |
| Net income/(expenditure)                                | 946,212                    | 258,769                             | (1,101,000)                      | 9,188,034                               | 9,292,015          |
| Transfers between funds                                 | -                          | (8,789)                             | -                                | 8,789                                   | -                  |
| <b>Other recognised gains and losses</b>                |                            |                                     |                                  |   |                    |
| Actuarial gains on defined benefit pension schemes      | -                          | -                                   | (71,000)                         | -                                       | (71,000)           |
| Net movement in funds/(deficit)                         | 946,212                    | 249,980                             | (1,172,000)                      | 9,196,823                               | 9,221,015          |
| <b>Reconciliation of funds</b>                          |                            |                                     |                                  |   |                    |
| Total funds/(deficit) carried forward at 31 August 2015 | 946,212                    | 249,980                             | (1,172,000)                      | 9,196,823                               | 9,221,015          |

**The Keys Federation**

**(Registration number: 09306360)  
Balance Sheet as at 31 August 2016**

|  | Note | 31 August<br>2016<br>£  | 31 August<br>2015<br>£  |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Tangible assets                                | 12   | 9,063,319               | 9,196,823               |
| <b>Current assets</b>                          |      |                         |                         |
| Debtors  | 13   | 168,332                 | 118,900                 |
| Cash at bank and in hand                       |      | <u>1,530,076</u>        | <u>1,271,868</u>        |
|  |      | 1,698,408               | 1,390,768               |
| Creditors: Amounts falling due within one year | 14   | <u>(211,549)</u>        | <u>(194,576)</u>        |
| Net current assets                             |      | <u>1,486,859</u>        | <u>1,196,192</u>        |
| Total assets less current liabilities          |      | <u>10,550,178</u>       | <u>10,393,015</u>       |
| Net assets excluding pension liability         |      | 10,550,178              | 10,393,015              |
| Pension scheme liability                       | 24   | <u>(1,929,000)</u>      | <u>(1,172,000)</u>      |
| Net assets including pension liability         |      | <u><u>8,621,178</u></u> | <u><u>9,221,015</u></u> |
| <b>Funds of the Academy:</b>                   |      |                         |                         |
| <b>Restricted funds</b>                        |      |                         |                         |
| Restricted general fund                        |      | 195,758                 | 249,980                 |
| Restricted fixed asset fund                    |      | 9,108,507               | 9,196,823               |
| Restricted pension fund                        |      | <u>(1,929,000)</u>      | <u>(1,172,000)</u>      |
|  |      | 7,375,265               | 8,274,803               |
| <b>Unrestricted funds</b>                      |      |                         |                         |
| Unrestricted general fund                      |      | <u>1,245,913</u>        | <u>946,212</u>          |
| Total funds                                    |      | <u><u>8,621,178</u></u> | <u><u>9,221,015</u></u> |

The financial statements on pages 26 to 50 were approved by the Trustees, and authorised for issue on 12 December 2016 and signed on their behalf by:

  
 .....  
 Mrs S Bruton (Chief Executive and Accounting Officer)  
 Trustee

## The Keys Federation

### Statement of Cash Flows for the Year Ended 31 August 2016

|  | Note | 31 August<br>2016<br>£  | 31 August<br>2015<br>£  |
|--|------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>        |      |                         |                         |
| Net cash provided by operating activities          | 19   | 421,891                 | 670,168                 |
| Cash transferred on conversion to an academy trust |      | -                       | 610,106                 |
| Cash flows from investing activities               | 20   | <u>(163,683)</u>        | <u>(8,406)</u>          |
| Change in cash and cash equivalents in the year    |      | 258,208                 | 1,271,868               |
| Cash and cash equivalents at 1 September           |      | <u>1,271,868</u>        | <u>-</u>                |
| Cash and cash equivalents at 31 August             | 21   | <u><u>1,530,076</u></u> | <u><u>1,271,868</u></u> |

# The Keys Federation

## Notes to the Financial Statements for the Year Ended 31 August 2016

### 1 Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Keys Federation meets the definition of a public benefit entity under FRS 102.

#### Going concern

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

#### Income

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

#### Grants

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

#### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (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 period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### *Donated goods, facilities and services*

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

##### **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.

All resources expended are inclusive of irrecoverable VAT.

##### *Expenditure on raising funds*

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

##### *Charitable activities*

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



## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

| <b>Asset class</b>    | <b>Depreciation method and rate</b> |
|-----------------------|-------------------------------------|
| Leasehold land        | 0.8% 125 years                      |
| Buildings             | 2% years straight line              |
| Fixtures and fittings | 20% straight line                   |
| Computer equipment    | 33.33% straight line                |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

##### Liabilities

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

##### Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### Taxation

The Academy Trust 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

##### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

##### Critical accounting estimates and areas of judgement

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

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. 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.

##### **First time adoption of FRS 102**

These financial statements are the first financial statements of The Keys Federation prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Keys Federation for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.



## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 2 Donations and capital grants

|                               | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Restricted<br>fixed asset<br>funds<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|-------------------------------|----------------------------|--------------------------|---|--------------------|--------------------|
| Transfer on conversion        | -                          | -                        | -                                       | -                  | 8,948,106          |
| <b>Other voluntary income</b> |                            |                          |   |                    |                    |
| Educational trips and visits  | -                          | 54,098                   | -                                       | 54,098             | 25,459             |
| Capital grants                | -                          | -                        | 74,146                                  | 74,146             | 70,852             |
| Other donations               | 17,124                     | -                        | 40,476                                  | 57,600             | 53,699             |
|                               | <u>17,124</u>              | <u>54,098</u>            | <u>114,622</u>                          | <u>185,844</u>     | <u>150,010</u>     |
| Total voluntary income        | <u>17,124</u>              | <u>54,098</u>            | <u>114,622</u>                          | <u>185,844</u>     | <u>9,098,116</u>   |

#### 3 Funding for the Academy Trust's educational operations

|                                | Restricted<br>funds<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|--------------------------------|--------------------------|--------------------|--------------------|
| <b>DfE/EFA revenue grants</b>  |                          |                    |                    |
| General Annual Grant (GAG)     | 4,366,076                | 4,366,076          | 2,781,567          |
| Other DfE/EFA grants           | 567,407                  | 567,407            | 264,129            |
| Start up grants                | -                        | -                  | 210,000            |
|                                | <u>4,933,483</u>         | <u>4,933,483</u>   | <u>3,255,696</u>   |
| <b>Other government grants</b> |                          |                    |                    |
| Local authority grants         | <u>208,517</u>           | <u>208,517</u>     | <u>61,498</u>      |
| Total grants                   | <u>5,142,000</u>         | <u>5,142,000</u>   | <u>3,317,194</u>   |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 4 Other trading activities

|                              | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities           | 24,435                     | -                        | 24,435             | 10,034             |
| Catering income              | 101,203                    | -                        | 101,203            | 154,793            |
| School shop sales            | 17,162                     | -                        | 17,162             | 8,060              |
| Recharges and reimbursements | -                          | 21,510                   | 21,510             | 7,280              |
| Other income                 | 136,354                    | -                        | 136,354            | 109,136            |
|                              | <u>279,154</u>             | <u>21,510</u>            | <u>300,664</u>     | <u>289,303</u>     |

#### 5 Investment income

|                     | Unrestricted<br>funds<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|---------------------|----------------------------|--------------------|--------------------|
| Short term deposits | <u>3,423</u>               | <u>3,423</u>       | <u>384</u>         |

#### 6 Expenditure

|   | Non Pay Expenditure |                |                  | Total<br>2016<br>£ | Total<br>2015<br>£ |
|---|---------------------|----------------|------------------|--------------------|--------------------|
|   | Staff costs<br>£    | Premises<br>£  | Other costs<br>£ |                    |                    |
| <b>Academy's<br/>educational<br/>operations</b> |                     |                |                  |                    |                    |
| Direct costs                                    | 3,378,560           | 390,903        | 351,948          | 4,121,411          | 2,585,190          |
| Allocated support<br>costs                      | <u>558,510</u>      | <u>270,894</u> | <u>629,953</u>   | <u>1,459,357</u>   | <u>827,792</u>     |
|   | <u>3,937,070</u>    | <u>661,797</u> | <u>981,901</u>   | <u>5,580,768</u>   | <u>3,412,982</u>   |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 6 Expenditure (continued)

Net incoming/outgoing resources for the year include:

|                                 | 2016<br>£      | 2015<br>£      |
|---------------------------------|----------------|----------------|
| <b>Operating leases:</b>        |                |                |
| Operating leases - other leases | 1,488          | 120            |
| Fees payable to auditor - audit | 3,200          | 3,200          |
| - other services                | 7,200          | 5,950          |
| Depreciation                    | <u>415,232</u> | <u>264,818</u> |

#### 7 Charitable activities

|  | Total<br>2016<br>£ | Total<br>2015<br>£ |
|--|--------------------|--------------------|
| Direct costs - educational operations  | 4,121,411          | 2,585,190          |
| Support costs - educational operations | <u>1,459,357</u>   | <u>827,792</u>     |
|  | <u>5,580,768</u>   | <u>3,412,982</u>   |

|                                  | Educational<br>operations<br>£ | Total<br>2016<br>£ | Total<br>2015<br>£ |
|----------------------------------|--------------------------------|--------------------|--------------------|
| <b>Analysis of support costs</b> |                                |                    |                    |
| Support staff costs              | 558,510                        | 558,510            | 320,776            |
| Depreciation                     | 24,330                         | 24,330             | 33,949             |
| Premises costs                   | 246,564                        | 246,564            | 176,538            |
| Other support costs              | 615,257                        | 615,257            | 287,019            |
| Governance costs                 | <u>14,696</u>                  | <u>14,696</u>      | <u>9,510</u>       |
| Total support costs              | <u>1,459,357</u>               | <u>1,459,357</u>   | <u>827,792</u>     |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 8 Staff

##### Staff costs

|  | 2016<br>£               | 2015<br>£               |
|--|-------------------------|-------------------------|
| <b>Staff costs during the year were:</b> |                         |                         |
| Wages and salaries                       | 3,058,865               | 2,045,967               |
| Social security costs                    | 227,656                 | 130,516                 |
| Pension costs                            | <u>561,324</u>          | <u>314,046</u>          |
|  | 3,847,845               | 2,490,529               |
| Supply teacher costs                     | <u>89,225</u>           | <u>24,810</u>           |
|  | <u><u>3,937,070</u></u> | <u><u>2,515,339</u></u> |

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

|                              | 2016<br>No        | 2015<br>No        |
|------------------------------|-------------------|-------------------|
| <b>Charitable Activities</b> |                   |                   |
| Teachers                     | 56                | 53                |
| Administration and support   | 113               | 105               |
| Management                   | <u>7</u>          | <u>7</u>          |
|                              | <u><u>176</u></u> | <u><u>165</u></u> |

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

|                     | 2016<br>No | 2015<br>No |
|---------------------|------------|------------|
| £60,001 - £70,000   | 2          | -          |
| £90,001 - £100,000  | -          | 1          |
| £140,001 - £150,000 | <u>1</u>   | <u>-</u>   |

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £553,098 (2015: £358,359).



## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 9 Central services

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

- School improvement services
- Governance
- HR/Payroll
- Finance
- Leadership Support
- Estates Management
- Procurement Management

The trust charges for these services on the following basis:

- flat percentage of General Annual Grant (GAG) income (6%), plus an amount for pooled resources.

The actual amounts charged during the year were as follows:

|  | 2016<br>£           |
|--|---------------------|
| St. Peter's Church of England Primary School               | 170,693             |
| Hindley Green Community Primary School                     | 287,016             |
| St. John's Church of England Primary School, Hindley Green | 95,959              |
| St. John's Church of England Primary School, Abram         | 123,037             |
|  | <hr/> <hr/> 676,705 |

#### 10 Related party transactions - trustees' remuneration and expenses

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

Mrs S Bruton (Chief Executive and Accounting Officer):

Remuneration: £140,000 - £145,000 (2015 - £90,000 - £95,000)

Employer's pension contributions: £20,000 - £25,000 (2015 - £10,000 - £15,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £682 (2015 - £384) were reimbursed or paid directly to 1 trustees (2015 - 1).

Other related party transactions involving the trustees are set out in note 25.

#### 11 Trustees' and officers' insurance

The Academy Trust has opted into the Department for 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.

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 12 Tangible fixed assets

|                       | Leasehold<br>land and<br>buildings<br>£ | Furniture and<br>equipment<br>£ | Computer<br>equipment<br>£ | Tenants<br>improvements<br>£ | Total<br>£       |
|-----------------------|---|---------------------------------|----------------------------|------------------------------|------------------|
| <b>Cost</b>           |   |                                 |                            |                              |                  |
| At 1 September 2015   | 8,189,000                               | 1,212,722                       | -                          | 59,920                       | 9,461,642        |
| Additions             | <u>217,944</u>                          | <u>35,675</u>                   | <u>7,200</u>               | <u>20,909</u>                | <u>281,728</u>   |
| At 31 August 2016     | <u>8,406,944</u>                        | <u>1,248,397</u>                | <u>7,200</u>               | <u>80,829</u>                | <u>9,743,370</u> |
| <b>Depreciation</b>   |   |                                 |                            |                              |                  |
| At 1 September 2015   | 105,400                                 | 159,419                         | -                          | -                            | 264,819          |
| Charge for the year   | <u>165,346</u>                          | <u>247,447</u>                  | <u>1,000</u>               | <u>1,439</u>                 | <u>415,232</u>   |
| At 31 August 2016     | <u>270,746</u>                          | <u>406,866</u>                  | <u>1,000</u>               | <u>1,439</u>                 | <u>680,051</u>   |
| <b>Net book value</b> |   |                                 |                            |                              |                  |
| At 31 August 2016     | <u>8,136,198</u>                        | <u>841,531</u>                  | <u>6,200</u>               | <u>79,390</u>                | <u>9,063,319</u> |
| At 31 August 2015     | <u>8,083,600</u>                        | <u>1,053,303</u>                | <u>-</u>                   | <u>59,920</u>                | <u>9,196,823</u> |

#### 13 Debtors

|                 | 2016<br>£      | 2015<br>£      |
|-----------------|----------------|----------------|
| Trade debtors   | 25,518         | 2,625          |
| VAT recoverable | 25,465         | 44,377         |
| Other debtors   | 360            | 316            |
| Prepayments     | 23,321         | 14,152         |
| Accrued income  | <u>93,668</u>  | <u>57,430</u>  |
|                 | <u>168,332</u> | <u>118,900</u> |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 14 Creditors: amounts falling due within one year

|                 | 2016<br>£      | 2015<br>£      |
|-----------------|----------------|----------------|
| Trade creditors | -              | 1,311          |
| Other creditors | 2,343          | -              |
| Accruals        | 18,418         | 28,013         |
| Deferred income | <u>190,788</u> | <u>165,252</u> |
|                 | <u>211,549</u> | <u>194,576</u> |

|  | 2016<br>£        |
|--|------------------|
| Deferred income at 1 September 2015    | 165,252          |
| Resources deferred in the period       | 190,788          |
| Amounts released from previous periods | <u>(165,252)</u> |
| Deferred income at 31 August 2016      | <u>190,788</u>   |

At the balance sheet date the Academy Trust was holding funds received in advance for Rates Relief (EFA), Northern Fund (EFA), Special Educational Needs, Infant School Meals, and Growth Funding.

#### 15 Funds

|                                     | Balance at 1<br>September<br>2015<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2016<br>£ |
|-------------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| <b>Restricted general funds</b>     |  |                            |                            |  |                                      |
| General Annual Grant (GAG)          | 249,980                                | 4,366,076                  | (4,208,003)                | (212,295)                              | 195,758                              |
| Other DfE/EFA grants                | -                                      | 567,407                    | (567,407)                  | -                                      | -                                    |
| Other restricted income             | <u>-</u>                               | <u>284,125</u>             | <u>(284,125)</u>           | <u>-</u>                               | <u>-</u>                             |
|                                     | <u>249,980</u>                         | <u>5,217,608</u>           | <u>(5,059,535)</u>         | <u>(212,295)</u>                       | <u>195,758</u>                       |
| <b>Restricted fixed asset funds</b> |  |                            |                            |  |                                      |
| Transfer on conversion              | 9,117,182                              | -                          | (400,486)                  | -                                      | 8,716,696                            |
| DfE/EFA Capital grants              | 54,306                                 | 74,146                     | (4,660)                    | -                                      | 123,792                              |
| Capital expenditure from GAG        | 25,335                                 | -                          | (8,619)                    | 212,295                                | 229,011                              |
| Capital donations                   | <u>-</u>                               | <u>40,476</u>              | <u>(1,468)</u>             | <u>-</u>                               | <u>39,008</u>                        |
|                                     | <u>9,196,823</u>                       | <u>114,622</u>             | <u>(415,233)</u>           | <u>212,295</u>                         | <u>9,108,507</u>                     |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 15 Funds (continued)

|                                 | Balance at 1<br>September<br>2015<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Gains,<br>losses and<br>transfers<br>£ | Balance at<br>31 August<br>2016<br>£ |
|---------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| <b>Restricted pension funds</b> |  |                            |                            |  |                                      |
| Pension reserve                 | (1,172,000)                            | -                          | (106,000)                  | (651,000)                              | (1,929,000)                          |
| Total restricted funds          | 8,274,803                              | 5,332,230                  | (5,580,768)                | (651,000)                              | 7,375,265                            |
| <b>Unrestricted funds</b>       |  |                            |                            |  |                                      |
| Unrestricted general funds      | 946,212                                | 299,701                    | -                          | -                                      | 1,245,913                            |
| Total funds                     | <u>9,221,015</u>                       | <u>5,631,931</u>           | <u>(5,580,768)</u>         | <u>(651,000)</u>                       | <u>8,621,178</u>                     |

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

#### Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

|  | Total<br>2016<br>£ |
|--|--------------------|
| St. John's Church of England Primary School, Abram         | 251,500            |
| Hindley Green Community Primary School                     | 558,765            |
| St. John's Church of England Primary School, Hindley Green | 251,754            |
| St. Peter's Church of England Primary School               | 265,252            |
| Central services   | <u>114,400</u>     |
| Total before fixed assets and pension reserve              | 1,441,671          |
| Restricted fixed asset reserve                             | 9,108,507          |
| Pension reserve  | <u>(1,929,000)</u> |
| Total  | <u>8,621,178</u>   |



## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 15 Funds (continued)

##### Analysis of academies by cost

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

|   | Teaching and<br>Educational<br>Support Staff<br>Costs<br>£ | Other<br>Support Staff<br>Costs<br>£ | Educational<br>Supplies<br>£ | Other Costs<br>(excluding<br>Depreciation)<br>£ | Total<br>2016<br>£      |
|---|--|--------------------------------------|------------------------------|---|-------------------------|
| Hindley Green<br>Community Primary<br>School                        | 1,043,014  | 127,352                              | 105,940                      | 258,461   | 1,534,767               |
| St. John's Church of<br>England Primary<br>School, Abram            | 668,636  | 79,516                               | 67,055                       | 167,420   | 982,627                 |
| St. Peter's Church of<br>England Primary<br>School                  | 783,088  | 72,342                               | 68,849                       | 186,539   | 1,110,818               |
| St. John's Church of<br>England Primary<br>School, Hindley<br>Green | 484,105  | 54,148                               | 48,499                       | 124,585   | 710,332                 |
| Central services  | <u>399,718</u>   | <u>225,152</u>                       | <u>19,955</u>                | <u>182,165</u>                                  | <u>826,990</u>          |
| Academy Trust   | <u><u>3,378,561</u></u>                                    | <u><u>558,510</u></u>                | <u><u>310,298</u></u>        | <u><u>919,170</u></u>                           | <u><u>5,165,534</u></u> |

#### 16 Analysis of net assets between funds

|                          | Unrestricted<br>funds<br>£ | Restricted<br>general funds<br>£ | Restricted<br>fixed asset<br>funds<br>£ | Total funds<br>£        |
|--------------------------|----------------------------|----------------------------------|---|-------------------------|
| Tangible fixed assets    | -                          | -                                | 9,063,319                               | 9,063,319               |
| Current assets           | 1,245,913                  | 407,307                          | 45,188                                  | 1,698,408               |
| Current liabilities      | -                          | (211,549)                        | -                                       | (211,549)               |
| Pension scheme liability | -                          | <u>(1,929,000)</u>               | -                                       | <u>(1,929,000)</u>      |
| Total net assets         | <u><u>1,245,913</u></u>    | <u><u>(1,733,242)</u></u>        | <u><u>9,108,507</u></u>                 | <u><u>8,621,178</u></u> |

#### 17 Capital commitments

|  | 2016<br>£            | 2015<br>£             |
|--|----------------------|-----------------------|
| Contracted for, but not provided in the financial statements | <u><u>45,188</u></u> | <u><u>206,907</u></u> |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 18 Commitments under operating leases

##### *Operating leases*

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Amounts due within one year            | 5,471       | 120         |
| Amounts due between one and five years | 19,952      | -           |
|  | 25,423      | 120         |

#### 19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Net income  | 51,163      | 9,292,015   |
| Depreciation  | 415,232     | 264,819     |
| Capital grants from DfE and other capital income            | (114,622)   | (70,852)    |
| Cash transferred on conversion to an academy trust          | -           | (610,106)   |
| Inherited assets less pension liability                     | -           | (8,338,000) |
| Interest receivable   | (3,423)     | (384)       |
| FRS 102 Defined benefit pension scheme obligation inherited | 61,000      | 31,000      |
| FRS 102 Defined benefit pension scheme finance cost         | 45,000      | 26,000      |
| Increase in debtors   | (49,432)    | (118,900)   |
| Increase in creditors                                       | 16,973      | 194,576     |
| Net cash provided by Operating Activities                   | 421,891     | 670,168     |

#### 20 Cash flows from investing activities

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | <b>£</b>    | <b>£</b>    |
| Dividends, interest and rents from investments    | 3,423       | 384         |
| Purchase of tangible fixed assets                 | (281,728)   | (79,642)    |
| Capital grants from DfE/EFA                       | 74,146      | 70,852      |
| Capital funding received from sponsors and others | 40,476      | -           |
| Net cash used in investing activities             | (163,683)   | (8,406)     |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 21 Analysis of cash and cash equivalents

|                                 | At 31 August<br>2016<br>£ | At 31 August<br>2015<br>£ |
|---------------------------------|---------------------------|---------------------------|
| Cash at bank and in hand        | <u>1,530,076</u>          | <u>1,271,868</u>          |
| Total cash and cash equivalents | <u>1,530,076</u>          | <u>1,271,868</u>          |

#### 22 Contingent liabilities

During the life of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

#### 23 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.

#### 24 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 24 Pension and similar obligations (continued)

##### Teachers' Pension Scheme

###### Introduction

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

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

###### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £438,551 (2015: £246,941). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.



## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 24 Pension and similar obligations (continued)

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £232,000 (2015 - £136,000), of which employer's contributions totalled £178,000 (2015 - £104,000) and employees' contributions totalled £54,000 (2015 - £32,000). The agreed contribution rates for future years are 19.6 per cent for employers and banded from 5.5 to 12.5 per cent for employees.

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

##### Principal actuarial assumptions

|  | At 31 August<br>2016<br>% | At 31 August<br>2015<br>% |
|--|---------------------------|---------------------------|
| Rate of increase in salaries                       | 3.40                      | 3.90                      |
| Rate of increase for pensions in payment/inflation | 2.10                      | 2.70                      |
| Discount rate for scheme liabilities               | 2.10                      | 3.80                      |

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

|  |              |
|--|--------------|
| <b>Adjustment to discount rate</b>                   | - 0.5%       |
| Present value of total obligation                    | £<br>451,000 |
|  | + 0.5%       |
| <b>Adjustment to rate of inflation</b>               | £            |
| Present value of total obligation                    | 261,000      |
|  | + 0.5%       |
| <b>Adjustment to rate of salary growth</b>           | £            |
| Present value of total obligation                    | 176,000      |
|  | + 1 Year     |
| <b>Adjustment to mortality age rating assumption</b> | £            |
| Present value of total obligation                    | 103,000      |

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

|                              | At 31 August<br>2016 | At 31 August<br>2015 |
|------------------------------|----------------------|----------------------|
| <b>Retiring today</b>        |                      |                      |
| Males retiring today         | 21.40                | 21.40                |
| Females retiring today       | 24.00                | 24.00                |
| <b>Retiring in 20 years</b>  |                      |                      |
| Males retiring in 20 years   | 24.00                | 24.00                |
| Females retiring in 20 years | 26.60                | 26.60                |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 24 Pension and similar obligations (continued)

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

|  | <b>At 31 August<br/>2016</b> | <b>At 31 August<br/>2015</b> |
|--|------------------------------|------------------------------|
|  | <b>£</b>                     | <b>£</b>                     |
| Equities                                     | 1,079,000                    | 746,000                      |
| Government bonds                             | 255,000                      | 186,000                      |
| Property                                     | 90,000                       | 62,000                       |
| Cash   | 74,000                       | 41,000                       |
|  | <u>1,498,000</u>             | <u>1,035,000</u>             |
| Total market value of assets                 | 1,498,000                    | 1,035,000                    |
| Present value of scheme liabilities - funded | <u>(3,427,000)</u>           | <u>(2,207,000)</u>           |
| Deficit in the scheme                        | <u><u>(1,929,000)</u></u>    | <u><u>(1,172,000)</u></u>    |

The actual return on scheme assets was £44,000 (2015 - £23,000).

#### Amounts recognised in the statement of financial activities

|  | <b>2016</b>           | <b>2015</b>          |
|--|-----------------------|----------------------|
|  | <b>£</b>              | <b>£</b>             |
| Current service cost less employer contributions | 61,000                | 31,000               |
| Net interest cost                                | 45,000                | 26,000               |
|  | <u>106,000</u>        | <u>57,000</u>        |
| Total operating charge                           | <u><u>106,000</u></u> | <u><u>57,000</u></u> |

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

|                        | <b>2016</b>             | <b>2015</b>             |
|------------------------|-------------------------|-------------------------|
|                        | <b>£</b>                | <b>£</b>                |
| At 1 September         | 2,207,000               | 1,937,000               |
| Current service cost   | 239,000                 | 135,000                 |
| Interest cost          | 89,000                  | 49,000                  |
| Employee contributions | 54,000                  | 32,000                  |
| Actuarial losses       | 838,000                 | 54,000                  |
|                        | <u>3,427,000</u>        | <u>2,207,000</u>        |
| At 31 August           | <u><u>3,427,000</u></u> | <u><u>2,207,000</u></u> |

## The Keys Federation

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 24 Pension and similar obligations (continued)

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

|                          | 2016             | 2015             |
|--------------------------|------------------|------------------|
|                          | £                | £                |
| At 1 September           | 1,035,000        | 893,000          |
| Interest income          | 44,000           | 32,000           |
| Actuarial gains/(losses) | 187,000          | (26,000)         |
| Employer contributions   | 178,000          | 104,000          |
| Employee contributions   | 54,000           | 32,000           |
| At 31 August             | <u>1,498,000</u> | <u>1,035,000</u> |

#### 25 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the year the academy made the following related party transactions:

##### **Play Pals Childcare (North West) (A company limited by guarantee)**

Sharon Bruton and Janice Jones are directors of Play Pals Childcare (North West) on behalf of The Keys Federation. Neither of them are remunerated for this role. The company provides before and after school childcare and nursery day care at schools within The Keys Federation.

During the year Play Pals paid to the Keys Federation £21,300 for the use of facilities across the schools. In addition Play Pals made a donation of £24,500 towards refurbishment costs. The balance due (to)/from Play Pals at 31 August 2016 was £nil (2015 - £nil).

#### 26 Transition to FRS 102

##### Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 11 November 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

**The Keys Federation**

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

**26 Transition to FRS 102 (continued)**

**Reconciliation of total funds**

|                                    | <b>31 August<br/>2015<br/>£</b> |
|------------------------------------|---------------------------------|
| Total funds under previous UK GAAP | 9,204,469                       |
| Deferred capital grants            | 16,546                          |
| Total funds reported under FRS 102 | 9,221,015                       |

**Reconciliation of net income/(expenditure)**

|  | <b>Amount<br/>£</b> |
|--|---------------------|
| Net income/(expenditure) previously reported under UK GAAP | 9,284,469           |
| Change in recognition of LGPS interest cost                | (9,000)             |
| Deferred capital grants                                    | 16,546              |
| Restated income/expenditure under FRS 102                  | 9,292,015           |

**Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 11 November 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £9,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.

**Change in classification of capital grants**

Under previous UK GAAP capital grants from the EFA were recognised under "Funding for the Academy's educational operations" in the SOFA. Under FRS 102 these are included under "Donations and capital grants". There has been no change in the funds brought forward except as detailed below.

**Deferral of capital grants**

Under FRS 102 devolved capital grants from the EFA must be recognised in full when received. The effect of this change is to increase income from capital grants by £16,546 and decrease the deferred income creditor in 2015, and increase the restricted general funds brought forward by an equivalent amount in 2016.