

Registration number: 09306360

The Keys Federation

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018



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

Members	Mr D Crossley Mr D Thorpe Mr B Anthon Mr H Egan (appointed 14 March 2018)
Directors/Trustees	Mrs S Bruton (Chief Executive and Accounting Officer) Mr B Anthon (Chairperson) Mrs S Davidson Mrs K Gore Mr A Meadows (Vice-Chairperson) Mrs J Reynolds Mrs J Smith Mrs L Worswick (resigned 11 April 2018) Mrs L Worthington
Company Name	The Keys Federation
Senior Management Team	Mrs S Bruton, Chief Executive Officer Mrs J Adams, Director of Academy Excellence Mrs J Jones, Chief Finance Officer Mrs N Green, Principal - St. Peter's Hindley Mrs D Affleck, Principal - Hindley Green CP Mr T Mooney, Principal Mr J Heatley, Principal - St. John's Hindley Green Mrs L Butcher, Acting Principal - St John's Abram
Principal and Registered Office	682 Atherton Road Hindley Green Wigan WN2 4SQ
Company Registration Number	09306360 (England and Wales)
Auditors	Hallidays Riverside House King's Reach Business Park Yew Street Stockport SK4 2HD 20 April 2018

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 2018

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

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 1197 pupils and 51 Nursery children, in the school census on 17 May 2018.

School	Capacity	Number on roll at 17.5.18
St. Peter's C. of E. Primary School, Hindley	315	314
Hindley Green Community Primary School	420	414
HGCP Nursery – part time places	78	51
St. John's C. of E Primary School, Hindley Green	210	197
St. John's C. of E. Primary School, Abram	245	272

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

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 on Trust 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

Trustees' Report for the Year Ended 31 August 2018 (continued)

Method of recruitment and appointment or election of Trustees

The Members of the Trust are responsible for the appointment of Trustees/Directors and this 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).

The Trust may also appoint up to 2 co-opted Trustees/Directors appointed under Article 58, with the consent of the Diocesan Board of Education.

The Chief Executive Officer is a Trustee/Director for as long as he/she remains in office as such and the Members shall ensure that the total number of any Trustees/Directors who are employees of the Trust does not exceed one third of the total number of Trustees/Directors.

All Trustees/Directors are appointed for a term of four years.

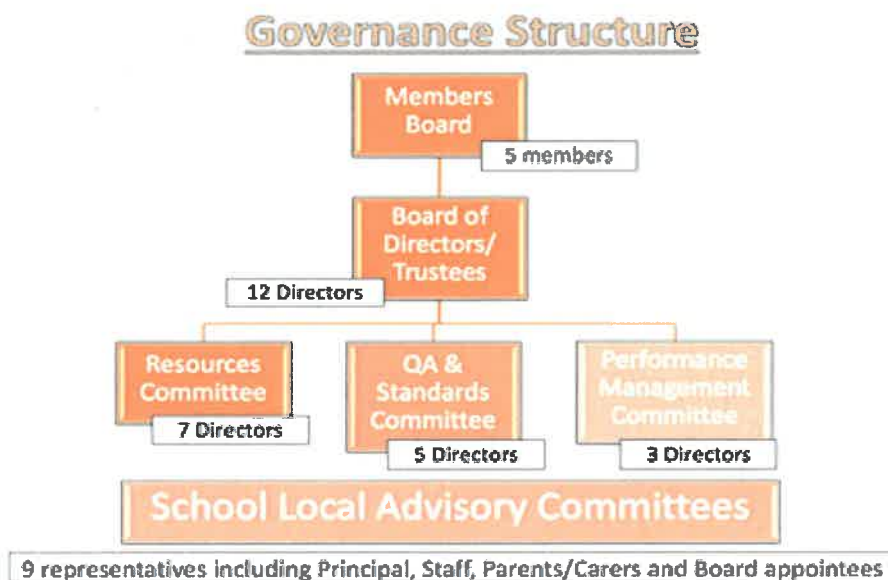
Policies and procedures adopted for the induction and training of Trustees

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. The Trust performs an annual skills audit of Trustees/Directors and appropriate training opportunities are provided throughout the year based on any identified skills/knowledge gaps.

Organisational structure

Governance of the Trust is defined in the Articles of Association together with the Master and Supplemental Funding Agreements with the Department for Education.

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 Executive Team and approving the Annual Report and Financial Statements.



The Keys Federation

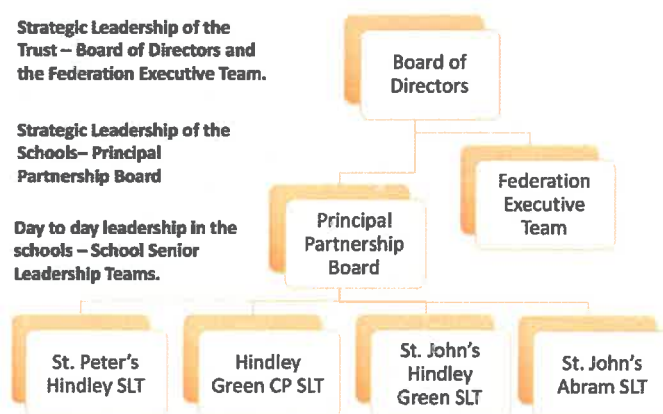
Trustees' Report for the Year Ended 31 August 2018 (continued)

The Board of Trustees/Directors meet at least half-termly with the first meeting in each academic year being the business meeting. The Trustee/Director committees for Resources, Quality Assurance & Standards and Performance Management and the Local Advisory Committees (LAC) for each school meet at least once per term. 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 supporting functions and events.

Roles and responsibilities of Trustees/Directors, LAC representatives, Federation Executive Team and School Senior Leaders are clearly defined in the Roles and Responsibilities of Governance documentation and encourage decision making at all levels.

The Chief Executive Officer is the Accounting Officer. The strategic leadership of the Trust is delegated to the Federation Executive Team, comprising of the Chief Executive Officer, Director of Academy Excellence and the Chief Finance Officer.

Leadership Structure



The Principal Partnership Board (PPB) consists of the Chief Executive Officer, Director of Academy Excellence, Principals and the Chief Finance Officer. These leaders are responsible for the strategic leadership in the schools at an executive level implementing the policies laid down by the Trustees/Directors and reporting back to them. As a group the PPB is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointments for members of the Principal Partnership Board always contain Trustees/Directors.

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

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

By law, trade union representatives are entitled to reasonable paid time off from their regular job to enable them to perform their union duties and to undertake relevant training. Trade union members, including representatives, may also ask for unpaid time off to undertake activities. Together, these arrangements constitute facility time.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require The Keys Federation to collate and publish, on an annual basis, a range of data on the amount and cost of facility time. This is the completed report for our Academy Trust which confirms the required data for the period 1 April 2017 to 31 March 2018.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.48 fte

Percentage of time spent on facility time

The percentage of their working hours that relevant unions officials spent on facility time.

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

Percentage of pay bill spent on facility time

Total cost of facility time	0
Total pay bill	N/A
Percentage of the total pay bill spent on facility time	N/A

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	N/A
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Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration for the Chief Executive Officer, The Director of Academy Excellence 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 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, following the LA agreed pay policy.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Related Parties and other Connected Charities and Organisations

The Keys Federation controls Play Pals Childcare Ltd, a childcare company providing Before & After School Childcare, Holiday Provision and Nursery Day Care for the schools within the Trust. Play Pals Childcare Ltd operates as a private company limited by shares which is 100% owned by The Keys Federation. The Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Director of Academy Excellence (DAE) are Directors of Play Pals Childcare Ltd.

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, 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.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Objectives, strategies and activities

The Trust's moral purpose and strategic intent is to transform learning and secure a culture of excellence across our organisation. This ensures our schools are places which unlock the potential and talents of all our young people. Our Trust consists of dedicated professionals who deliver the best for all. Our Spirit of Purpose embodies our commitment to enhance the life chances of pupils, staff and families in service to our communities.

The Trust's objectives for the period ending 31 August 2018 are summarised below:

- To continue to raise the standard of educational achievements of all pupils in the Trust's schools, ensuring every pupil develops as a confident person with high aspirations to be the best they can be;
- To ensure inclusive and high quality teaching and learning opportunities.
- To rigorously track the progress of every pupil to ensure consistency, challenge and accountability;
- To comply with all appropriate statutory and curriculum requirements;
- To deliver long term sustainability through efficiencies and savings by working together;
- To conduct the Trust business in accordance with the highest standards of integrity, probity and openness and the Nolan Principles of Public Life.

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 vital that children are able to attend a 'Good' or 'Outstanding' local school.

Public benefit

The Academy Trust's Trustees/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. It fully complies with all statutory guidance and supports wider educational objectives through a strong community role.

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 Trust also operates private childcare settings and training facilities.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Achievements and performance

Our schools take an active part in the local authority's school improvement consortia model, which includes schools across the Borough. The Trust has 2 SLEs (In Teaching & Learning, Maths and Early Years) and our CFO is also a SLE for School Business Management and MAT conversion. Our Trust expertise has positively impacted on over 10,000 students in its delivery of School to School support.

Ofsted rate our Academies as:

- St. Peter's Hindley - Outstanding - November 2010
- St. John's Abram - Good - September 2017
- St. John's Hindley Green - Good - September 2017
- HGCP - Good - September 2017

Early Years Foundation data at the end of Reception Class in 2017/18 is:

EYFS: % achieving a ELD					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Actual	71%	76%	72%	83%	78%

Year 1 Phonics data in June 2018 is:

Y1 Phonics					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Actual	83%	93%	89%	81%	92%

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.

The Key Stage 1 assessment results for our schools in 2017/18 are as follows:

KS1 ARE					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Reading	75%	79%	83%	77%	77%
Writing	70%	72%	80%	74%	68%
Maths	76%	81%	87%	86%	77%

KS1 Exceeding ARE					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Reading	26%	26%	37%	23%	22%
Writing	16%	12%	20%	11%	8%
Maths	22%	14%	30%	29%	20%

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Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

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.

The Key Stage 2 assessment results for our schools in 2017/18 is as follows:

KS2: ARE					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Reading	75%	76%	74%	83%	57%
Writing	78%	84%	84%	86%	85%
Maths	76%	80%	84%	76%	57%
SPAG	78%	84%	89%	93%	63%

KS2: Exceeding ARE					
	<i>National</i>	St Peter's	St John's HG	St John's Abram	HGCP
Reading	28%	31%	5%	17%	17%
Writing	20%	20%	5%	17%	22%
Maths	24%	29%	5%	3%	16%
SPAG	34%	62%	26%	24%	22%

Predicted progress measures using 2016/17 VA Calculator is as follows:

Y6					
	Floor standard	St Peters	St Johns HG	St Johns Abram	HGCP
Reading	-5.0	-1.3	-1.8	-0.3	-1.7
Writing	-7.0	-1.6	-0.3	0.4	3.7
Maths	-5.0	-0.9	-0.9	-1.4	-0.9

Attendance in our schools is as follows:

Year	St. Peter's C. of E. Primary, Hindley	Hindley Green CP School	St. John's C. of E. Primary, Hindley Green	St. John's C. of E. Primary, Abram
2017/18	96.6%	95.3%	94.9%	95.2%

The National average attendance for 2016/17 was 96% in primary schools (published March 2018).

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

We are proud of our pupils and staff achievements and we continue to secure excellence in every aspect of our work. We have high aspirations for our pupils and a clear vision for success. We are committed to a breadth and depth of learning, a Whole Education for all.

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

- Awards from Whole Education for impressive work in developing our DREAM curriculum and for broadening access to a cultural education.
- St. Peter's Hindley received the Sportsmark Gold Award, Silver Modeshift Stars Award, International Eco Green Flag and Music Mark
- Hindley Green CP received the Sportsmark Gold Award and the Sing Up Silver Award, Gold Mental Health Award, Leading Parent Partnership Award and are currently awaiting accreditation for the Church/Community School Award 2 and the International Eco Green Flag.
- 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 and Gold Mental Health Award.
- Expansion of our Sports Academy to enrich the health and wellbeing whilst securing regional and national recognition for our gifted and talented students.
- A dedicated team of specialists developing our Art provision and ensuring the Arts have a high profile within our Trust and communities.
- National and Regional recognition of our Music Academy's excellence and the exciting opportunities provided for our students.

Key non-financial performance indicators

The Education and Skills Funding Agency (ESFA) monitors the Academy Trust via a number of statistical returns. The Trust completed an annual self-assessment of its financial management and governance in September 2017. The Trustees/Director's Resources Committee monitor percentage spends and emphasis is placed on monitoring staffing and educational resources spending. Benchmarking against similar academies is performed annually and a benchmarking report is presented to Trustees/Directors.

The Trustees/Directors approved the budget for the period 1 September 2017 to 31 August 2018 and staffing costs for the 12 months period accounted for 78% of all income (excluding capital funding). For 2015/16 this was 75% and was 77% for 2016/17, which is in line with Trustees/directors' expectations.

As funding is based on pupil numbers, this is a key financial performance indicator. Pupil numbers for 2015/16 were 1160, in 2016/17 were 1183 and in 2017/18 were 1197 showing a steady increase across the Trust.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

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.

Financial review

Most of the Trust and Academy income is obtained from the DfE via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA in the twelve months ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants from the ESFA and other organisations. In accordance with the Charity Commission's document 'Accounting and Reporting by Charities: Statement of Recommended Practice 2015, 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 2018, total income, excluding capital funding, was £5,771,110 (2017: £5,832,712) with a surplus at 31 August 2018 of £284,562 (2017: £442,866) before actuarial losses on the pension valuation. The surplus has been allocated to reserves and this is in line with the Trust's strategy to maintain adequate reserves to fund ambitious plans of future improvements and development of the organisation, its curriculum resource and its infrastructure.

Unrestricted income in the twelve months ended 31 August 2018 amounted to £292,568 (2017: £280,459)

At 31 August 2018 the net book value of fixed assets amounted to £8,533,170 (2017: £8,846,941) 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 2018 amounted to £123,184 (2017: £207,190).

Key financial policies adopted or reviewed during the period include the Scheme of Financial Administration, Investment, Whistleblowing, Emergency Plans and Business Continuity, Charging and Remissions, Business Expenses, Debt Management and Fixed Assets.

The Academy Trust has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with FRS102 and a deficit has been recognised at 31st August 2018.

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.

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Trustees' Report for the Year Ended 31 August 2018 (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 nature of reserves. The Trust's current level of free reserves (total reserves less the amounts held in fixed asset reserve and restricted pension fund reserve) is £2,037,877 (2017: £1,814,426).

The Trustees/Directors have decided to adopt a prudent approach to reserves and aim to build a group of reserves of designated funds to safeguard against unforeseen circumstances, future financial challenges, capital improvements or developments, late ESFA 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 £1,796,000 (2017: £1,874,000). The Trust recognises this a significant liability which is set out in the financial statements.

Total funds as at 31 August 2018, including the restricted pension fund deficit of £1,796,000, are £8,776,816 (2017: £8,787,367) which is made up of restricted funds £218,933 (2017: £288,054) fixed asset funds £8,534,939 (2017: £8,846,941) and unrestricted funds £1,818,944 (2017: £1,526,372).

Investment policy

At The Keys Federation Academy Trust we are diligent 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 2018, no such investments have been made.

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 2018 (continued)

Strategic Report

Principal risks and uncertainties

The principal risks to the Trust have been assessed and documented using a risk register which is reviewed termly. Procedures have been established to mitigate those risks.

None of our current academies face any financial risk associated with falling rolls, indeed there is a steady increase in pupil numbers across the Trust. However, the uncertainties relating to budget reforms, increasing employment and premises costs are all contributing to cost pressure in future periods which increases the importance of maintaining robust levels of revenue reserves.

The Trust recognises the exposure to credit risk from banks where the Trust's own cash is deposited. This credit risk is low due to all cash and investments being with banks that have been assigned a high credit rating.

The main risks which could occur are:

- 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;
- erosion of reserves to balance budgets in the short to medium term;
- significant liability of the LGPS deficit;
- 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 schools 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 vulnerable children
- 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
- Building educational expertise and capacity across the Trust with LLEs and SLEs.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Fundraising

Fundraising activities took place during the year by each school's Parents' & Friends' Association and by the schools in support of their nominated charities. No professional fundraiser or commercial participator carried out any of these activities. All activities were monitored by school staff through attendance at fundraising meetings and events and through the income/expenditure reporting.

During the year there were no complaints about any fundraising activity and the Trust and schools are mindful of protecting vulnerable people and members of the public. All donations for fundraising events are completely voluntary, without undue pressure or persistent approaches.

The Trustees have a duty to ensure:

- all fundraising is undertaken in the best interests of the Trust and its schools,
- resources are managed responsibly - this includes protecting and safeguarding the reputation of the Trust and
- they act with reasonable care and skill.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (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, the local authority and the Regional Schools Commissioner, to welcome strong schools to the Trust and sponsor schools to deliver educational transformation.

The Trust's main objectives for next year are:

- To ensure excellence for all across the DREAM curriculum.
- 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 continue to deliver strong examination results and all indicators of performance in all of the Trust's schools, ensuring each school meets or exceeds the national standards for attainment and progress within age related expectations in reading, writing and maths by the end of 2018/19;
- 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, Sports academy and Art 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 in our schools create calm and well-ordered learning environments where pupils learn resilience to be the best they can be. The nurture and support of pupils enables confident individuals are at the heart of our schools. The Trust's DREAM curriculum (Depth of knowledge and understanding is facilitated through Research, Enquiry and Analysis to ensure Mastery of skills) allows all pupils to unlock their potential and talents and creates a passion to achieve success.

Teaching and learning will become further personalised through our digital strategy. 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 continue to be strong and sustained performers. 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.

Schools aim to maintain or increase pupil numbers meeting the needs of their communities.

The Keys Federation

Trustees' Report for the Year Ended 31 August 2018 (continued)

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, was approved by order of the Board of Trustees, as the company directors, on 17 December 2018 and signed on the Board's behalf by:



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



.....
Mr A Meadows (Vice-Chairperson)
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 Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees/Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform to 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. The Chief Executive Officer is also responsible for reporting to the Board of Trustees 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 eight times during the twelve months ended 31 August 2018. 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	8	8
Mrs. S. Bruton	8	8
Mrs. S. Davidson	8	8
Mrs. K. Gore	8	8
Mr. A. Meadows	8	8
Mrs. J. Reynolds	7	8
Mrs. J. Smith	4	8
Mrs. L. Worsick	1	8
Mrs. L. Worthington	7	8

Mrs. L. Worswick resigned as a Trustee/Director during the 2017/18 academic year.

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 31 August 2018 was as follows:

Resources Committee is responsible for all matters relating to Finance, Audit (including governance, risk management, internal control and value for money), Personnel, Facilities and Health & Safety

Trustee	Meetings attended	Out of a possible
Mr. B. Anthon	5	5
Mrs. S. Bruton	5	5
Mrs. K. Gore	4	5

The Keys Federation

Governance Statement (continued)

Mr. A. Meadows	4	5
Mrs. J. Reynolds	5	5
Mrs. J. Smith	2	5
Mrs. L. Worsick	1	3

Mrs. J. Jones was in attendance at these meetings in her capacity as Chief Finance Officer from the Federation Executive Team and Principal Partnership Board.

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
Mr. B. Anthon	3	3
Mrs. S. Davidson	3	3
Mrs. L. Worswick	0	2
Mrs. L. Worthington	2	3

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

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

Trustee	Meeting attended	Out of a possible
Mr. B. Anthon	3	3
Mrs. S. Davidson	3	3
Mrs. L. Worthington	3	3

Mrs. S. Bruton was in attendance at these meetings in her capacity as Chief Executive officer from the Federation Executive Team and Principal Partnership Board.

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 year, the Trust Board undertook a review of the Roles and Responsibilities of Governance to ensure a comprehensive scheme of delegation is in place. The Board also undertook a Financial Management and Governance Self-Assessment review and completed individual skills audits to inform future development needs.

The Board are seeking to appoint four additional trustees/directors with the necessary skills and expertise required.

During the year, an additional Trust member was appointed by special resolution, who has expertise in Finance and Business to ensure complete transparency and an independent approach.

To align with DfE strategy, and once approved by the Diocese, an additional Trust Member will be appointed.

The Keys Federation

Governance Statement (continued)

Review of value for money

As Accounting Officer, the Chief Executive Officer 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 Academy 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 appropriate.

The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- developing and fully embedding tracking systems that ensure each individual child's progress is monitored rigorously throughout the year.
- ensuring pupil attainment remains a priority across the academy trust and is a focus within each school's improvement plan.
- effective use of Pupil Premium ensuring 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 reviewing 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.
- ensuring Teachers' performance management and support staff appraisal systems are in place to ensure that staff are working to clear objectives and targets.
- ensuring 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 excellent curriculum led financial management and planning and the targeting of resources.
- ensuring 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.
- ensuring the academy trust explores every opportunity maximise income generation through hire of facilities and pursuing funding bids, including funding for two Trust minibuses.
- Arranging group contracts for supplies of services to the Trust, where appropriate, resulting in measurable cost savings.
- ensuring a Risk Register is in place and reviewed on a termly basis.
- ensuring each school, and the Trust Head Office, has a Major Incident policy and plan in place that includes business continuity procedures along with an Anti-Fraud and Corruption Policy.
- Additional income generation from Play Pals Childcare Ltd, the Trust's traded service.

The purpose of the system of internal control

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

The Keys Federation

Governance Statement (continued)

Capacity to handle risk

The Board of Trustees/Directors has reviewed the key risks to which the Academy Trust is exposed together with the operation, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees/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, with particular reference to the following:

- 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 auditor's 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 school fund/trip income and class enterprise procedures;
- testing of Parago asset management system, fixed asset registers and formal ordering /tendering procedures;
- testing of control accounts, reconciliations and financial information submitted to Trustees/Directors.

On a termly basis the auditor reports to the Trust Board, through the Resources Committee, on the operation of systems of control and on the discharge of the Board of Trustees/Directors financial responsibilities. This schedule of work has been delivered as planned and no material control issues arose.

Review of effectiveness

As Accounting Officer, the Chief Executive 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 senior leaders within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- The work of the auditor in performing additional checks;
- The work of the external auditor;
- The work of the Resources committee;
- The financial management and governance self-assessment process.

The Accounting Officer has received and acted on advice received as a result of their review of the system of internal control by the Resources Committee. A plan to address minor weaknesses and ensure continuous improvement of the system is in place.

The Keys Federation

Governance Statement (continued)

Approved by order of members of the Board of Trustees/Directors on 17 December 2018 and signed on its behalf by

A-K. Meadows

.....
~~Mr Barend Anthon~~ ANDREW MEADOWS
Chair of Trustees/Directors (VICE CHAIR)

J. RA

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

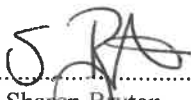
The Keys Federation

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Keys Federation Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees/Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2017.

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 2017.

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


.....
Mrs Sharon Bruton
Accounting Officer

Date: 17 December 2018

The Keys Federation

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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 17 December 2018 and signed on its behalf by:



.....
Mr A Meadows (Vice-Chairperson)
Trustee

The Keys Federation

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

Opinion

We have audited the financial statements of The Keys Federation (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

The Keys Federation

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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:

- 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 24], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

The Keys Federation

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

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy'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 Academy'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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 17/11/18

The Keys Federation

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

In accordance with the terms of our engagement letter dated 20 April 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Keys Federation during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Keys Federation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Keys Federation and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Keys Federation and the ESFA, 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 Board of Trustees/Directors's funding agreement with the Secretary of State for Education dated 23 December 2014 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

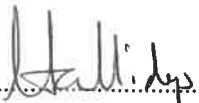
The Keys Federation

Independent Reporting Accountant's Report on Regularity to The Keys Federation and the Education & Skills 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 2017 to 31 August 2018 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
and
Registered Auditors

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

Date: 17/12/18

The Keys Federation

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2017/18 Total £	
Income and endowments from:						
Donations and capital grants	2	60,844	75,591	-	63,835	200,270
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	5,385,439	-	-	5,385,439
Other trading activities	4	228,826	17,512	-	-	246,338
Investments	5	2,898	-	-	-	2,898
Total		292,568	5,478,542	-	63,835	5,834,945
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	5,486,547	276,000	436,952	6,199,499
Net income/(expenditure)		292,568	(8,005)	(276,000)	(373,117)	(364,554)
Transfers between funds		-	(61,116)	-	61,116	-
Other recognised gains and losses						
Actuarial (losses) / gains on defined benefit pension schemes	27	-	-	354,000	-	354,000
Net movement in funds/(deficit)		292,568	(69,121)	78,000	(312,001)	(10,554)
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2017		1,526,376	288,054	(1,874,000)	8,846,940	8,787,370
Total funds/(deficit) carried forward at 31 August 2018		1,818,944	218,933	(1,796,000)	8,534,939	8,776,816

The Keys Federation

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)


Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016/17 £	
Income and endowments from:						
Donations and capital grants	2	10,573	67,498	-	91,892	169,963
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	5,408,604	-	-	5,408,604
Other trading activities	4	268,645	76,151	-	-	344,796
Investments	5	1,241	-	-	-	1,241
Total		<u>280,459</u>	<u>5,552,253</u>	<u>-</u>	<u>91,892</u>	<u>5,924,604</u>
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	5,389,846	202,000	423,569	6,015,415
Net income/(expenditure)		280,459	162,407	(202,000)	(331,677)	(90,811)
Transfers between funds		-	(70,111)	-	70,111	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	27	-	-	257,000	-	257,000
Net movement in funds/(deficit)		280,459	92,296	55,000	(261,566)	166,189
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2016		<u>1,245,913</u>	<u>195,758</u>	<u>(1,929,000)</u>	<u>9,108,507</u>	<u>8,621,178</u>
Total funds/(deficit) carried forward at 31 August 2017		<u>1,526,372</u>	<u>288,054</u>	<u>(1,874,000)</u>	<u>8,846,941</u>	<u>8,787,367</u>

The Keys Federation

(Registration number: 09306360) Balance Sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	8,533,170	8,846,941
Investments	13	<u>1</u>	<u>-</u>
		<u>8,533,171</u>	<u>8,846,941</u>
Current assets			
Debtors	14	374,485	215,469
Cash at bank and in hand		<u>1,907,102</u>	<u>1,817,569</u>
		2,281,587	2,033,038
Creditors: Amounts falling due within one year	15	<u>(229,734)</u>	<u>(205,532)</u>
Net current assets		<u>2,051,853</u>	<u>1,827,506</u>
Total assets less current liabilities		10,585,024	10,674,447
Creditors: Amounts falling due after more than one year	16	<u>(12,208)</u>	<u>(13,080)</u>
Net assets excluding pension liability		10,572,816	10,661,367
Defined benefit pension scheme liability	27	<u>(1,796,000)</u>	<u>(1,874,000)</u>
Net assets including pension liability		<u>8,776,816</u>	<u>8,787,367</u>
Funds of the Academy Trust:			
Restricted funds			
Restricted general fund	17	218,933	288,054
Restricted fixed asset fund	17	8,534,939	8,846,941
Restricted pension fund	17	<u>(1,796,000)</u>	<u>(1,874,000)</u>
		6,957,872	7,260,995
Unrestricted funds			
Unrestricted general fund	17	<u>1,818,944</u>	<u>1,526,372</u>
Total funds		<u>8,776,816</u>	<u>8,787,367</u>

The financial statements on pages 30 to 59 were approved by the Trustees, and authorised for issue on 17 December 2018 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	145,984	399,964
Cash flows from investing activities	23	(56,451)	(125,551)
Cash flows from financing activities	22	-	13,080
Change in cash and cash equivalents in the year		89,533	287,493
Cash and cash equivalents at 1 September		<u>1,817,569</u>	<u>1,530,076</u>
Cash and cash equivalents at 31 August	24	<u>1,907,102</u>	<u>1,817,569</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

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.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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'.

Donated fixed assets

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 2018 (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.

Asset class	Depreciation method and rate
Leasehold land	0.8% straight line
Buildings	2% 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.

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.

Investments

The Academy's shareholding in the wholly owned subsidiary, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

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.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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 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 & Skills 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 2018 (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 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2017/18 Total £	2016/17 Total £
Educational trips and visits	-	75,591	-	75,591	67,498
Capital grants	-	-	63,835	63,835	80,398
Other donations	60,844	-	-	60,844	22,067
	<u>60,844</u>	<u>75,591</u>	<u>63,835</u>	<u>200,270</u>	<u>169,963</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2017/18 Total £	2016/17 Total £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	4,535,906	4,535,906	4,558,921
Other DfE/ESFA grants	577,646	577,646	591,879
	<u>5,113,552</u>	<u>5,113,552</u>	<u>5,150,800</u>
Other government grants			
Local authority grants	271,887	271,887	257,804
Total grants	<u>5,385,439</u>	<u>5,385,439</u>	<u>5,408,604</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2017/18 Total £	2016/17 Total £
Hire of facilities	27,584	-	27,584	36,985
Catering income	74,972	-	74,972	87,312
School shop sales	12,117	-	12,117	16,517
Recharges and reimbursements	-	17,512	17,512	76,151
Other income	114,153	-	114,153	127,831
	<u>228,826</u>	<u>17,512</u>	<u>246,338</u>	<u>344,796</u>

5 Investment income

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Short term deposits	1,088	1,088	1,241
Investment Income	1,810	1,810	-
	<u>2,898</u>	<u>2,898</u>	<u>1,241</u>

6 Expenditure

	Non Pay Expenditure			2017/18 Total £	2016/17 Total £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	3,721,910	392,532	372,447	4,486,889	4,373,524
Allocated support costs	781,087	354,025	577,498	1,712,610	1,641,891
	<u>4,502,997</u>	<u>746,557</u>	<u>949,945</u>	<u>6,199,499</u>	<u>6,015,415</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2017/18	2016/17
	£	£
Operating leases - other leases	8,031	8,031
Fees payable to auditor - audit	9,525	5,750
- other audit services	4,506	6,425
Depreciation	<u>436,954</u>	<u>423,396</u>

7 Charitable activities

	Total 2018	Total 2017
	£	£
Direct costs - educational operations	4,486,889	4,373,524
Support costs - educational operations	<u>1,712,610</u>	<u>1,641,891</u>
	<u>6,199,499</u>	<u>6,015,415</u>

	Educational operations	2017/18 Total	2016/17 Total
	£	£	£
Analysis of support costs			
Support staff costs	781,087	781,087	689,257
Depreciation	44,420	44,420	55,065
Premises costs	309,605	309,605	257,938
Other support costs	556,058	556,058	626,861
Governance costs	<u>21,440</u>	<u>21,440</u>	<u>12,770</u>
Total support costs	<u>1,712,610</u>	<u>1,712,610</u>	<u>1,641,891</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

Staff costs

	2018 £	2017 £
Staff costs during the year were:		
Wages and salaries	3,334,805	3,189,567
Social security costs	283,857	277,249
Pension costs	<u>797,652</u>	<u>681,707</u>
	4,416,314	4,148,523
Supply teacher costs	86,683	144,392
Staff restructuring costs	<u>-</u>	<u>29,000</u>
	<u>4,502,997</u>	<u>4,321,915</u>
		2017 £
Staff restructuring costs comprise:		
Severance payments		<u>29,000</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2017: £29,000). Individually, the payments were:

Non-statutory payments £Nil

Non-statutory payments £Nil

Staff numbers

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

	2017/18 No	2016/17 No
Charitable Activities		
Teachers	56	56
Administration and support	100	98
Management	<u>8</u>	<u>7</u>
	<u>164</u>	<u>161</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Higher paid staff

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

	2018 No	2017 No
£60,001 - £70,000	3	2
£140,001 - £150,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £660,844 (2017: £580,115).

9 Central services

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

School improvement services

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

The academy 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:

	2018 £
St. Peter's Church of England Primary School	196,902
Hindley Green Community Primary School	310,878
St. John's Church of England Primary School, Hindley Green	133,279
St. John's Church of England Primary School, Abram	<u>170,457</u>
	<u>811,516</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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.

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

Mrs S Bruton (Chief Executive and Accounting Officer) ():

Remuneration: £140,000 - £145,000 (2017 - £140,000 - £145,000)

Employer's pension contributions: £20,000 - £25,000 (2017 - £20,000 - £25,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £34 (2017 - £430) were reimbursed or paid directly to 1 trustees (2017 - 1).

Other related party transactions involving the trustees are set out in note 28.

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.

12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and fixtures £	Plant and equipment £	Tenants improvements £	Total £
Cost					
At 1 September 2017	8,540,585	1,313,603	12,853	83,518	9,950,559
Additions	<u>15,540</u>	<u>54,393</u>	<u>3,856</u>	<u>49,395</u>	<u>123,184</u>
At 31 August 2018	<u>8,556,125</u>	<u>1,367,996</u>	<u>16,709</u>	<u>132,913</u>	<u>10,073,743</u>
Depreciation					
At 1 September 2017	436,767	659,959	3,810	3,083	1,103,619
Charge for the year	<u>167,663</u>	<u>263,864</u>	<u>4,984</u>	<u>443</u>	<u>436,954</u>
At 31 August 2018	<u>604,430</u>	<u>923,823</u>	<u>8,794</u>	<u>3,526</u>	<u>1,540,573</u>
Net book value					
At 31 August 2018	<u>7,951,695</u>	<u>444,173</u>	<u>7,915</u>	<u>129,387</u>	<u>8,533,170</u>
At 31 August 2017	<u>8,103,818</u>	<u>653,644</u>	<u>9,043</u>	<u>80,435</u>	<u>8,846,940</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13 Investments

The Academy owns 100% of the Ordinary shares of Play Pals Childcare Limited, a company incorporated in United Kingdom. The principal activity of the company is the provision of childcare services.. Turnover for the year ended 31 August 2018 was £343,134, expenditure was £335,655 and the profit/(loss) for the year was £7,479. The assets of the company at 31 August 2018 were £453,588, liabilities were £231,070 and capital and reserves were £222,518.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Debtors

	2018 £	2017 £
Trade debtors	8,595	9,286
VAT recoverable	34,473	46,456
Other debtors	214,150	360
Prepayments	36,853	27,714
Accrued income	80,414	131,653
	374,485	215,469

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Salix loan	1,744	872
Other creditors	3,085	2,697
Accruals	54,601	51,752
Deferred income	170,304	150,211
	229,734	205,532

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	150,211	190,788
Resources deferred in the period	170,304	150,211
Amounts released from previous periods	(150,211)	(190,788)
Deferred income at 31 August 2018	170,304	150,211

At the balance sheet date the Academy Trust was holding funds received in advance for Special Educational Needs, Infant School Meals, ESFA Rates Relief and Residential Trips

16 Creditors: amounts falling due after one year

	2018 £	2017 £
Salix loan	12,208	13,080

At the Balance Sheet date, the academy had received £12,208 of Salix funding relating to capital projects. Salix funding is an interest free loan approved by the Education and Skills Funding Agency (ESFA) repayable in equal instalments over eight years. Repayments falling due within twelve months of the Balance Sheet date are included in note 15.

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	288,054	4,535,906	(4,543,911)	(61,116)	218,933
Other DfE/ESFA grants	-	577,646	(577,646)	-	-
Other restricted income	-	364,990	(364,990)	-	-
	<u>288,054</u>	<u>5,478,542</u>	<u>(5,486,547)</u>	<u>(61,116)</u>	<u>218,933</u>
Restricted fixed asset funds					
Transfer on conversion	8,317,708	-	(351,172)	-	7,966,536
DfE/ESFA Capital grants	205,812	63,835	(26,754)	-	242,893
Capital expenditure from GAG	286,199	-	(57,240)	61,116	290,075
Capital donations	37,221	-	(1,786)	-	35,435
	<u>8,846,940</u>	<u>63,835</u>	<u>(436,952)</u>	<u>61,116</u>	<u>8,534,939</u>
Restricted pension funds					
Pension reserve	(1,874,000)	-	(276,000)	354,000	(1,796,000)
Total restricted funds	7,260,994	5,542,377	(6,199,499)	354,000	6,957,872
Unrestricted funds					
Unrestricted general funds	1,526,376	292,568	-	-	1,818,944
Total funds	<u>8,787,370</u>	<u>5,834,945</u>	<u>(6,199,499)</u>	<u>354,000</u>	<u>8,776,816</u>

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

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	195,758	4,558,922	(4,396,515)	(70,111)	288,054
Other DfE/ESFA grants	-	591,879	(591,879)	-	-
Other restricted income	-	401,452	(401,452)	-	-
	<u>195,758</u>	<u>5,552,253</u>	<u>(5,389,846)</u>	<u>(70,111)</u>	<u>288,054</u>

The Keys Federation

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted fixed asset funds					
Transfer on conversion	8,716,696	-	(398,988)	-	8,317,708
DfE/ESFA Capital grants	123,792	91,892	(9,872)	-	205,812
Capital expenditure from GAG	229,011	-	(12,923)	70,111	286,199
Capital donations	39,008	-	(1,786)	-	37,222
	<u>9,108,507</u>	<u>91,892</u>	<u>(423,569)</u>	<u>70,111</u>	<u>8,846,941</u>
Restricted pension funds					
Pension reserve	<u>(1,929,000)</u>	<u>-</u>	<u>(202,000)</u>	<u>257,000</u>	<u>(1,874,000)</u>
Total restricted funds	7,375,265	5,644,145	(6,015,415)	257,000	7,260,995
Unrestricted funds					
Unrestricted general funds	<u>1,245,913</u>	<u>280,459</u>	<u>-</u>	<u>-</u>	<u>1,526,372</u>
Total funds	<u>8,621,178</u>	<u>5,924,604</u>	<u>(6,015,415)</u>	<u>257,000</u>	<u>8,787,367</u>

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	195,758	9,094,828	(8,940,426)	(131,227)	218,933
Other DfE/ESFA grants	-	1,169,525	(1,169,525)	-	-
Other restricted income	-	766,442	(766,442)	-	-
	<u>195,758</u>	<u>11,030,795</u>	<u>(10,876,393)</u>	<u>(131,227)</u>	<u>218,933</u>
Restricted fixed asset funds					
Transfer on conversion	8,716,696	-	(750,160)	-	7,966,536
DfE/ESFA Capital grants	123,792	155,727	(36,626)	-	242,893
Capital expenditure from GAG	229,011	-	(70,163)	131,227	290,075
Capital donations	39,008	-	(3,572)	-	35,436
	<u>9,108,507</u>	<u>155,727</u>	<u>(860,521)</u>	<u>131,227</u>	<u>8,534,940</u>
Restricted pension funds					
Pension reserve	<u>(1,929,000)</u>	<u>-</u>	<u>(478,000)</u>	<u>611,000</u>	<u>(1,796,000)</u>
Total restricted funds	7,375,265	11,186,522	(12,214,914)	611,000	6,957,873
Unrestricted funds					
Unrestricted general funds	<u>1,245,913</u>	<u>573,027</u>	<u>-</u>	<u>-</u>	<u>1,818,940</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Total funds	<u>8,621,178</u>	<u>11,759,549</u>	<u>(12,214,914)</u>	<u>611,000</u>	<u>8,776,813</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.

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total £
St. John's Church of England Primary School, Abram	286,291
Hindley Green Community Primary School	852,848
St. John's Church of England Primary School, Hindley Green	290,129
St. Peter's Church of England Primary School	318,390
Central services	<u>290,219</u>
Total before fixed assets and pension reserve	2,037,877
Restricted fixed asset fund	8,534,939
Pension reserve	<u>(1,796,000)</u>
Total	<u><u>8,776,816</u></u>

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2018 £
Hindley Green Community Primary School	1,042,279	131,087	146,392	250,154	1,569,912
St. John's Church of England Primary School, Abram	711,898	76,774	59,811	185,699	1,034,182
St. Peter's Church of England Primary School	845,517	73,243	68,100	185,185	1,172,045
St. John's Church of England Primary School, Hindley Green	550,672	59,150	46,875	116,498	773,195
Central services	<u>571,545</u>	<u>213,833</u>	<u>27,624</u>	<u>124,212</u>	<u>937,214</u>
Academy Trust	<u><u>3,721,911</u></u>	<u><u>554,087</u></u>	<u><u>348,802</u></u>	<u><u>861,748</u></u>	<u><u>5,486,548</u></u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

	Total
	2017
	£
Hindley Green Community Primary School	1,523,424
St. John's Church of England Primary School, Abram	1,010,572
St. Peter's Church of England Primary School	1,128,513
St. John's Church of England Primary School, Hindley Green	796,245
Central services	931,093
	<u>5,389,847</u>
Academy Trust	<u>5,389,847</u>

18 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	8,533,170	8,533,170
Current assets	1,818,944	460,874	1,769	2,281,587
Current liabilities	-	(229,734)	-	(229,734)
Creditors over 1 year	-	(12,208)	-	(12,208)
Pension scheme liability	-	(1,796,000)	-	(1,796,000)
	<u>1,818,944</u>	<u>(1,577,068)</u>	<u>8,534,939</u>	<u>8,776,815</u>
Total net assets	<u>1,818,944</u>	<u>(1,577,068)</u>	<u>8,534,939</u>	<u>8,776,815</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	8,846,941	8,846,941
Current assets	1,526,372	506,666	-	2,033,038
Current liabilities	-	(205,532)	-	(205,532)
Creditors over 1 year	-	(13,080)	-	(13,080)
Pension scheme liability	-	(1,874,000)	-	(1,874,000)
	<u>1,526,372</u>	<u>(1,585,946)</u>	<u>8,846,941</u>	<u>8,787,367</u>
Total net assets	<u>1,526,372</u>	<u>(1,585,946)</u>	<u>8,846,941</u>	<u>8,787,367</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Capital commitments

	2018 £
Contracted for, but not provided in the financial statements	<u>13,822</u>

20 Commitments under operating leases

Operating leases

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

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Commitments under operating leases (continued)

	2018 £	2017 £
Amounts due within one year	10,592	10,592
Amounts due between one and five years	21,693	32,285
	32,285	42,877

21 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2018 £	2017 £
Net expenditure	(364,554)	(90,811)
Depreciation	436,954	423,568
Capital grants from DfE and other capital income	(63,835)	(80,398)
Interest receivable	(2,898)	(1,241)
Defined benefit pension scheme cost less contributions payable	227,000	160,000
Defined benefit pension scheme finance cost	49,000	42,000
Increase in debtors	(159,016)	(47,137)
Increase/(decrease) in creditors	23,333	(6,017)
Net cash provided by Operating Activities	145,984	399,964

22 Cash flows from financing activities

	2017/18 £	2016/17 £
Cash inflows from new borrowing	-	13,080
Net cash provided by financing activities	-	13,080

23 Cash flows from investing activities

	2018 £	2017 £
Dividends, interest and rents from investments	2,898	1,241
Purchase of tangible fixed assets	(123,184)	(207,190)
Capital funding received from sponsors and others	63,835	80,398
Net cash used in investing activities	(56,451)	(125,551)

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24 Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,907,102</u>	<u>1,817,569</u>
Total cash and cash equivalents	<u>1,907,102</u>	<u>1,817,569</u>

25 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.

26 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.

27 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 . 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 2016.

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

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 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 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £355,907 (2017: £332,325).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 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 2018 was £282,000 (2017 - £244,000), of which employer's contributions totalled £217,000 (2017 - £188,000) and employees' contributions totalled £65,000 (2017 - £56,000). The agreed contribution rates for future years are per cent for employers and banded from 5.5 to 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

	2018 %	2017 %
Rate of increase in salaries	3.20	3.20
Rate of increase for pensions in payment/inflation	2.40	2.40
Discount rate for scheme liabilities	<u>2.80</u>	<u>2.50</u>

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

	2018	2017
Retiring today		
Males retiring today	21.50	21.50
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	<u>26.20</u>	<u>26.20</u>

Sensitivity analysis

	2018 £	2017 £
Discount rate -0.5%	506,000.00	440,000.00
Pension rate +0.5%	409,000.00	337,000.00
Salary rate +0.5%	<u>90,000.00</u>	<u>94,000.00</u>

The academy trust's share of the assets in the scheme were:

	2018 £	2017 £
Equities	1,482,000	1,326,000
Government bonds	349,000	291,000
Property	152,000	109,000
Cash and other liquid assets	<u>196,000</u>	<u>91,000</u>
Total market value of assets	<u>2,179,000</u>	<u>1,817,000</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Pension and similar obligations (continued)

The actual return on scheme assets was £49,000 (2017 - £34,000).

Amounts recognised in the statement of financial activities

	2017/18	2016/17
	£	£
Current service cost	(227,000)	(160,000)
Interest income	49,000	34,000
Interest cost	(98,000)	(76,000)
Total amount recognized in the SOFA	<u>(276,000)</u>	<u>(202,000)</u>

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

	2017/18	2016/17
	£	£
At start of period	3,691,000	3,427,000
Current service cost	444,000	348,000
Interest cost	98,000	76,000
Employee contributions	65,000	56,000
Actuarial (gain)/loss	(297,000)	(173,000)
Benefits paid	<u>(26,000)</u>	<u>(43,000)</u>
At 31 August	<u>3,975,000</u>	<u>3,691,000</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Pension and similar obligations (continued)

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

	2017/18	2016/17
	£	£
At start of period	1,817,000	1,498,000
Interest income	49,000	34,000
Actuarial gain/(loss)	57,000	84,000
Employer contributions	217,000	188,000
Employee contributions	65,000	56,000
Benefits paid	(26,000)	(43,000)
At 31 August	<u>2,179,000</u>	<u>1,817,000</u>

28 Related party transactions

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

