

Company Registration Number: 08927009 (England and Wales)

**KADER ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

KADER ACADEMY TRUST  
(A Company Limited by Guarantee)

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

**Members**

P Cunningham  
Rev J Hearn  
PJ Leadbitter  
RB Lomas

**Governors**

RB Lomas, Chair<sup>1</sup>  
P Cunningham, Vice Chair<sup>1</sup>  
L Chalk, Principal and Accounting Officer<sup>1</sup>  
S Dalton<sup>1</sup>  
Y Ditchburn<sup>1</sup>  
MA Hanif M.B.E.<sup>1</sup>  
PJ Leadbitter<sup>1</sup>  
CAE Marchant<sup>1</sup>  
AR Mitchinson<sup>1</sup>  
BI Stinton (resigned 30 April 2018)<sup>1</sup>

<sup>1</sup> Member of Finance and General Purposes Committee

**Company registered number**

08927009

**Company name**

Kader Academy Trust

**Principal and registered office**

Staindrop Drive  
Acklam  
Middlesbrough  
TS5 8NU

**Senior leadership team**

L Chalk, Principal  
AR Mitchinson, Vice Principal  
J Donald, Senior Leader  
L Yendall, Senior Leader

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

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

**Bankers**

Barclays Bank plc  
4 St Peter House  
Pavilion Shopping Centre  
Thornaby  
TS17 9FF

**Solicitors**

Ward Hadaway  
Sandgate House  
102 Quayside  
Newcastle upon Tyne  
NE1 3DX



**KADER ACADEMY TRUST**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The trust operates an academy for pupils aged 3 to 11 years serving a catchment area in Middlesbrough. It has a pupil capacity of 420 pupils (Reception to Y6) and a 39 FTE place nursery and had a roll of 441 in the school census on 18 January 2018.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Kader Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Kader Academy Trust.

Details of the Governors who served during the 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.

**Governors' indemnities**

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

**Method of recruitment and appointment or election of Governors**

Article 12 - The Members of the Academy Trust shall comprise:

- a) The signatories to the Memorandum
- b) The Chairman of the Governors; and
- c) Any person appointed under Article 16

Each of the persons entitled to appoint Members in Article 12 shall have the right from time to time by written notice delivered to the office to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise

If any of the persons entitled to appoint members in Article 12:

- a) In the case of an individual, die or become legally incapacitated;
- b) In the case of a corporate entity, cease to exist and are not replaced by a successor institution;
- c) Becomes insolvent or makes any arrangement or composition with their creditors generally; or
- d) Ceases to be a member;

their right to appoint members under these articles shall vest in the remaining members.

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

**Method of recruitment and appointment or election of Governors (continued)**

Membership will terminate automatically if:

- a) a member (which is a corporate entity) ceases to exist and is not replaced by a successor institution;
- b) a member (which is an individual) dies or becomes incapable by reason of illness or injury of managing and administering own affairs; or
- c) a member becomes insolvent or makes any arrangement or composition with that member's creditors generally.

The Members may agree unanimously in writing to remove any Member(s) who is a signatory to the Memorandum (save that the agreement of a signatory to the Memorandum who is to be removed shall not be required), provided that it is in the interests of the Academy Trust to remove such a Member(s).

The Members may agree by passing a special resolution in writing to appoint such additional Members as they think fit and may agree by passing a special resolution in writing to remove any such additional Members, provided that such appointment or removal is in the interest of the Academy Trust.

Every person nominated to be a Member of the Academy Trust shall either sign a written consent to become a Member or sign the register of Members on becoming a Member.

Any Member may resign provided that after such resignation the number of Members is not less than three. A Member shall cease to be one immediately on the receipt by the Academy Trust of a notice in writing signed by the person or persons entitled to remove him under Articles 13 or 16 provided that no such notice shall take effect when the number of Members is less than three unless it contains or is accompanied by the appointment of a replacement Member.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

**Policies and procedures adopted for the induction and training of Governors**

The training and induction provided for new governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. Induction tends to be done informally and is tailored specifically to the individual.

**Organisational structure**

During the year the academy continued to operate a unified management structure. The Structure consists of 3 levels: the Members, Board of Governors and Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governing Body is the final arbiter on all policy matters and decisions concerning the management of the academy. The Governing Body delegates responsibilities to sub-committees and to the Principal and Staff to ensure most efficient and effective delivery of policy.

The Senior Leadership Team consists of the Principal, Vice Principal and 2 Senior Teachers who control the academy at an executive level implementing the policies laid down by the governors and reporting back to them. Financial control is devolved to the Principal and School Business Manager for authorisation of spending within agreed budgets. Any spending above agreed limits must be referred to the Board of Governors.

The Senior Leadership team are responsible for the day to day operation of the academy.



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

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

The Governing Body will establish a Committee to carry out determinations of pay in accordance with the pay policy. This will be performed by the dedicated Pay Committee or the Finance and Resources Committee. Either Committee has fully delegated powers.

**Remit:**

- To apply the Pay Policy, including discretionary powers specified in this document, fairly and equitably.
- To ensure each teacher's salary is reviewed annually within the Appraisal process and determine the salary at the point of the annual review based on the evidence provided to meet the Teaching Standards and the objectives set.
- To challenge senior leaders on pay performance recommendations to ensure fairness across the Academy.
- To agree a pay range for Main Pay Range, Upper Pay Range and Unqualified teachers within the minimum and maximum stated in the STP&CD.
- To agree a pay range for Leading Practitioners, where appropriate.
- To ensure that all employees have a current and accurate job description and that this is regularly reviewed.
- To agree the levels for the annual pay award based on advice and guidance available from LGA and DfE.
- To ensure rigorous arrangements are in place to set Performance Pay Objectives for the Principal, Leadership Group, UPR, MPR and Unqualified Teachers.
- To undertake appropriate annual salary reviews for all employees and award progression with reference to the appraisal reports, evidence provided and the pay recommendations they contain.
- To arrange and ensure each teacher receives a written statement of salary no later than 31 December each year.
- To undertake periodic reviews of the School Group and Principal's Pay Range and to report findings and make recommendations for change to the Governing Body in relation to the grading of members of the Leadership Group.
- To undertake, as a minimum, an annual review of this Pay Policy to ensure that it reflects changes in Legislation, Pay & Conditions of Service Documents, National and Local Agreements, and any advice or guidance from the DfE. Any recommendations for change will be made to the Governing Body for consideration, consultation and formal adoption where appropriate.

**Related Parties and other Connected Charities and Organisations**

Further details are stated in Note 23 to the Financial Statements.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object and activity of the charitable company is the operation of Kader Academy to provide education for students of different abilities between the ages of 3 and 11 years.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on excellent teaching and learning.

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

**Objects and aims (continued)**

The main objectives of the academy during the year ended 31 August 2018 are summarised below:

- To foster 'growth mindset' in order to continue to develop children's resilience, reflectiveness, resourcefulness and reciprocity towards their own learning with support from home and school
- To maintain high standards of teaching and learning in order to continue to improve pupils' progress throughout the school and to ensure outcomes at KS1 and KS2 are at least in line with similar schools nationally
- To continue to raise children's enjoyment of reading and writing throughout the school to maintain/improve the percentage of pupils achieving expected level and greater depth in English
- To continue to focus on developing reasoning and mastery solving skills to maintain/improve the percentage of pupils achieving expected and greater depth in mathematics
- To provide high quality targeted and focused interventions to support all children and keep them on track to reach their targets and narrow the gap between identified groups
- To maintain sound financial practices

**Objectives, strategies and activities**

The academy's main objectives are encompassed in its mission statement which is to encourage respect for others, a desire for knowledge, and an enthusiasm for lifelong learning. In order to achieve this the academy aims to:

- Provide children with a broad, balanced and enriched educational experience in order that they can acquire and apply skills and knowledge
- Provide an inclusive, caring and supportive environment in which everyone feels safe and valued and which encourages courtesy, responsibility and consideration for the needs of others
- Continue to raise standards of educational achievement for all pupils
- Develop sound relationships between school, families and the community
- Provide value for money for the funds expended
- Conduct the academy's business in accordance with the highest standard of integrity and openness

**Public benefit**

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the governors have considered this guidance in deciding what activities the academy should undertake.

The Academy, as stated in its latest Ofsted Report, continues to be graded as good and provides a culture where pupils have access to high-quality learning experiences, flourish as individuals, and are consequently very well-prepared for the next stage of their education.

The governors have invested substantial sums into new building and have a continuing programme of refurbishment and development to maintain excellent teaching and learning facilities for our pupils.

The Academy:

- Provides high standards of teaching and learning in order to continue to improve pupils' progress throughout the school
- Supports children with learning difficulties and pupils with behavioural problems to enable them to be taught in mainstream classes
- Subsidises educational visits to enhance the pupils' learning
- Invites members of the community into school such as police, firemen, councillors, sports people etc. to provide the children with an insight into the local community
- Has established an ethos where pupils take great responsibility for their learning and relish the opportunity to tackle challenging tasks – helping to prepare them for the future
- Is supporting parents to engage more with their children's education and encouraging greater parental involvement



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

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key performance indicators**

- Early Years Good Level of Development result for 2018 was 70% (National 71.5%).
- The academy's Year 1 phonics screening result for 2018 was 87.8% (National 82.5 %)
- The end of Key Stage 1 results for 2018 were: reading 81.7% (National 75.4%), writing 81.7% (National 69.9%), mathematics 86.7% (National 76.1%), RWM combined 78.3% (National 65.3%)
- The end of KS2 results for 2018 were: Grammar, Punctuation and Spelling (GPS) 94.9% (National 77.7%), reading 94.9% (National 75.3%), mathematics 94.9% (National 75.6%) Reading, writing and maths combined 93.2% (National 64.3%)
- The needs of pupil premium pupils in school were clearly identified and appropriate strategies continued to be implemented. SEND programmes are structured to suit all the learning needs of pupils including external /send support provision.
- The academy continues to work with the local Teaching Alliances
- The academy's attendance figure for 2017/2018 was 96.2%

The academy uses a number of non-financial key performance indicators to monitor its performance. These include:

- End of Key Stage results (as outlined above)
- Achievement of pupils throughout the school
- The quality of teaching and learning
- Behaviour, safety and welfare of pupils
- Quality of leadership and management

**Going concern**

After making appropriate enquiries, the board of governors 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.

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

**FINANCIAL REVIEW**

Most of the academy's income is obtained from the Department for Education (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 DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £1,935,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £92,000. The in-year deficit excluding restricted fixed assets and pension reserves was £107,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2018 the net book value of fixed assets was £2,623,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £243,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £2,635,000 comprising £2,623,000 of restricted general funds, £(243,000) of restricted pension reserve and £255,000 of unrestricted funds.

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds).

The governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Support for SEND pupils.
- b) To provide funds which can be designated to improve specific areas of teaching and learning.

The Governors of Kader Academy Trust require a revenue reserve to be held to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

The policy of the academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

The academy maintains a reserve of £ 200,000 for this purpose. If this reserve is ever utilised non-essential expenditure will be limited until the reserve is brought back to £ 200,000.

The academy's current level of free reserves are in surplus by £255,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) On-going maintenance of the building.
- b) Maintaining the academy's position by investing in high quality education for our pupils through enhancing the provision of indoor and outdoor teaching and learning spaces.



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

**Investments policy**

The governing body authorises all investment of money under its control and will only consider low risk bank deposit investments and only when satisfied that there are sufficient free cash reserves following approval from the Finance and Resources committee.

**Principal risks and uncertainties**

The academy has a risk management strategy policy and maintains a risk register. The objectives of the academy's risk management are;

- To ensure risks facing the academy are identified and appropriately documented.
- To provide assurance to the governors that risks are being adequately controlled, or identify areas for improvement.
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

The risk register is reviewed periodically by governors and systems or procedures are reviewed or established in order to manage those risks.

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The governors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**Disabled Persons**

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academy. The academy adapts the physical environment by making support resources available and through training and career development.

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

**FUNDRAISING**

The academy's approach to fundraising is legal, open, honest and respectful. The academy does not use a professional fundraiser and carries out minimal activities throughout the year (usually a summer and a winter raffle). There is no obligation on any person to participate.

The academy will sometimes make a donation to a charity (nominated by pupils) using proceeds raised from raffles held in school.

In order to sell raffle tickets, Kader Academy operates a lotteries license which is registered with Middlesbrough Council under the Gambling Act 2005.

Occasionally the academy will engage in an enterprise programme with Virgin Money (Make £5 Grow) which is free to participate in. The initiative engages pupils in core areas of the national curriculum whilst enabling them to raise small funds to be used on school resources.

During the accounting period 1st September 2017 to 31st August 2018 there were no fundraising complaints received by the academy.

**Plans for future periods**

The governors intend to continue their current strategies of maintaining the Academy's position by investing to provide high quality education for our pupils.

Achieving a high standard of academic results is a constant aim whilst maintaining the breadth and depth of education provided. The Principal and senior staff continue to review the curriculum and teaching and learning to ensure the appropriateness and quality is right for our pupils' development.

Over the coming academic year the Academy intends to:

- Work with the Archimedes Maths Hub Readiness Programme to develop the Academy's approach to teaching maths - developing professional understanding of the mastery approach and to become involved in Middlesbrough schools collaboration and research into primary maths.
- Work with the Royal Shakespeare Company to introduce a Shakespeare unit of work in all year groups in order to continue to raise standards in reading and writing
- Undertake an action research project with other Middlesbrough schools on 'Formative Assessment' led by Shirley Clarke, Associate of the Institute of Education, University of London.
- Continue to foster 'Growth Mindset', providing support and ideas for parents in order to help them support their children at home.
- Foster links with industry through the STEM programme providing opportunities for the children to gain an insight into the world of work.
- Continue to develop science provision and achieve the Gilt Science Mark
- Continue to develop sport provision and achieve the Silver Sports Mark
- Continue to develop computing within the school and achieve the E-safety Mark
- Remove walled flower bed in upper school playground to improve emergency evacuation route.
- Renew outdoor playtime resources for children including playground markings in order to enhance opportunities for children's outdoor physical play.
- Renew Early Years outdoor surface with artificial grass in order that it can be used for outdoor teaching and learning during all weathers
- Investigate the possibility of adapting the outside premises to create a Multi-Use Games Area (MUGA) to enhance the academy's sporting facilities for the children



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

**DISCLOSURE OF INFORMATION TO AUDITORS'**

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 19 November 2018 and signed on its behalf by:



**RB Lomas**  
**Chair**

**KADER ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Kader 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 Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kader Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
RB Lomas, Chair	3	3
P Cunningham, Vice Chair	3	3
L Chalk, Principal and Accounting Officer	3	3
S Dalton	3	3
Y Ditchburn	3	3
MA Hanif M.B.E.	3	3
PJ Leadbitter	2	3
CAE Marchant	3	3
AR Mitchinson	3	3
BI Stinton (resigned 30 April 2018)	0	2

The Finance and Resources Committee is a sub-committee of the main Board of Governors. Its purpose is to administer the finances of the academy following full delegation of power from the Board of Governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
RB Lomas, Chair	2	2
P Cunningham, Vice Chair	2	2
L Chalk, Principal and Accounting Officer	2	2
S Dalton	2	2
Y Ditchburn	2	2
MA Hanif M.B.E.	2	2
PJ Leadbitter	2	2
C Marchant	2	2
A Mitchinson	2	2
BI Stinton (resigned 30 April 2018)	0	2

**KADER ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Value for Money**

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

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

- Utilising existing teaching staff to cover staff absence where possible.
- Continuing to provide extra teaching and learning time to support targeted pupils in order for them to achieve their potential which was evident in the school's academic achievements for 2018 (refer to strategic report, achievements and performance section of this document)
- To continue with a rolling programme of replacing light fittings throughout the building with more cost effective LED alternatives.
- Making a substantial investment in the building of a new teaching and learning area; providing much needed space for focused group work which has had a positive impact on pupils' outcomes. The Academy also built a new entrance, reception office and meeting room to the front of the school which has allowed more control over visitors' access to the building and improved security and safeguarding.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kader Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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



**KADER ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance and 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the external auditors report to the Board of Governors through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

**Review of Effectiveness**

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

- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 19 November 2018 and signed on their behalf, by:

RB Lomas  
Chair



L Chalk  
Accounting Officer



**KADER ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the academy trust Board of Governors 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 Governors and ESFA.



**L Chalk**  
**Accounting Officer**

Date: 19 November 2018

**KADER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

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

Approved by order of the members of the Board of Governors on 19 November 2018 and signed on its behalf by:



**RB Lomas**  
**Chair**



**KADER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KADER ACADEMY TRUST**

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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 Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**KADER ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KADER ACADEMY TRUST**

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of governors**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors 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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

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



**KADER ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KADER  
ACADEMY TRUST**

**Use of our report**

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
19 November 2018

**KADER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 14 September 2015 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 Kader Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Kader Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Kader Academy Trust's funding agreement with the Secretary of State for Education dated 29 April 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 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;

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

**Approach (continued)**

- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy.

**Conclusion**

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



**Clive Owen LLP**

Reporting Accountants

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

19 November 2018



**KADER ACADEMY TRUST**  
(A Company Limited by Guarantee)

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


	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	9	9	15
Charitable activities	3	-	1,672	-	1,672	1,690
Other trading activities	4	100	-	-	100	104
Investments	5	-	-	-	-	1
<b>TOTAL INCOME</b>		<u>100</u>	<u>1,672</u>	<u>9</u>	<u>1,781</u>	<u>1,810</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		<u>148</u>	<u>1,716</u>	<u>71</u>	<u>1,935</u>	<u>1,924</u>
<b>TOTAL EXPENDITURE</b>	7	<u>148</u>	<u>1,716</u>	<u>71</u>	<u>1,935</u>	<u>1,924</u>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>						
Transfers between Funds	17	(48)	(44)	(62)	(154)	(114)
		<u>-</u>	<u>(44)</u>	<u>44</u>	<u>-</u>	<u>-</u>
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		<u>(48)</u>	<u>(88)</u>	<u>(18)</u>	<u>(154)</u>	<u>(114)</u>
Actuarial gains on defined benefit pension schemes	21	-	79	-	79	241
<b>NET MOVEMENT IN FUNDS</b>		<u>(48)</u>	<u>(9)</u>	<u>(18)</u>	<u>(75)</u>	<u>127</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		<u>303</u>	<u>(234)</u>	<u>2,641</u>	<u>2,710</u>	<u>2,583</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>255</u></u>	<u><u>(243)</u></u>	<u><u>2,623</u></u>	<u><u>2,635</u></u>	<u><u>2,710</u></u>

**KADER ACADEMY TRUST**  
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**REGISTERED NUMBER: 08927009**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£000	2018 £000	£000	2017 £000
<b>FIXED ASSETS</b>					
Tangible assets	13		2,623		2,641
<b>CURRENT ASSETS</b>					
Debtors	14	120		220	
Cash at bank and in hand		359		433	
		<u>479</u>		<u>653</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	(219)		(285)	
<b>NET CURRENT ASSETS</b>			260		368
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,883</u>		<u>3,009</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16		(5)		(6)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			2,878		3,003
Defined benefit pension scheme liability	21		(243)		(293)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,635</u>		<u>2,710</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	-		59	
Restricted fixed asset funds	17	2,623		2,641	
Restricted income funds excluding pension liability		2,623		2,700	
Pension reserve		(243)		(293)	
Total restricted income funds			2,380		2,407
Unrestricted income funds	17		255		303
<b>TOTAL FUNDS</b>			<u>2,635</u>		<u>2,710</u>

The financial statements on pages 22 to 45 were approved by the Governors, and authorised for issue, on 19 November 2018 and are signed on their behalf, by:

  
**RB Lomas**  
**Chair**

**KADER ACADEMY TRUST**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(29)	(63)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		-	1
Purchase of tangible fixed assets		(53)	(270)
Capital grants from DfE Group		9	8
<b>Net cash used in investing activities</b>		(44)	(261)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(1)	(1)
<b>Net cash used in financing activities</b>		(1)	(1)
<b>Change in cash and cash equivalents in the year</b>		(74)	(325)
Cash and cash equivalents brought forward		433	758
<b>Cash and cash equivalents carried forward</b>		359	433

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

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Kader Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 FUND ACCOUNTING**

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

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

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

**1.3 INCOME**

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

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

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

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

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

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



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

**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

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



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

**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	125 years
Long-term leasehold buildings	-	50 years
Furniture and fixtures	-	10 years
Computer equipment	-	3 years

**1.7 INTEREST RECEIVABLE**

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

**1.8 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.9 DEBTORS**

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

**1.10 CASH AT BANK AND IN HAND**

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

**KADER ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.11 LIABILITIES AND PROVISIONS**

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

**1.12 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. 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 instruments.

**1.13 TAXATION**

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

**1.14 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.



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

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £71,000.

Land and buildings - Land and buildings are held under a 125 year lease from Middlesbrough Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Capital Grants	-	9	9	15
	<u>-</u>	<u>9</u>	<u>9</u>	<u>15</u>
Total 2017	-	15	15	
	<u>-</u>	<u>15</u>	<u>15</u>	

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,412	1,412	1,446
Pupil Premium	-	71	71	69
Other ESFA/DfE grants	-	74	74	67
	<u>-</u>	<u>1,557</u>	<u>1,557</u>	<u>1,582</u>
<b>Other government grants</b>				
SEN	-	9	9	13
Other Government grants	-	106	106	95
	<u>-</u>	<u>115</u>	<u>115</u>	<u>108</u>
	<u>-</u>	<u>1,672</u>	<u>1,672</u>	<u>1,690</u>
Total 2017	-	1,690	1,690	
	<u>-</u>	<u>1,690</u>	<u>1,690</u>	

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Sundry income	19	-	19	15
Lettings	8	-	8	8
Uniforms	1	-	1	1
School trips	12	-	12	2
Staff absence insurance	20	-	20	36
Catering	40	-	40	42
	<u>100</u>	<u>-</u>	<u>100</u>	<u>104</u>
Total 2017	<u>104</u>	<u>-</u>	<u>104</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total 2017	<u>1</u>	<u>-</u>	<u>1</u>	

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**6. CHARITABLE ACTIVITIES**

	2018 £000	2017 £000
<b>DIRECT COSTS</b>		
Wages and salaries	930	1,016
National insurance	67	68
Pension cost	141	159
Educational supplies	137	83
Staff development	6	12
Technology costs	15	19
Other direct costs	36	18
	<hr/> 1,332	<hr/> 1,375
<b>SUPPORT COSTS</b>		
Wages and salaries	81	82
National insurance	3	3
Pension costs	11	10
Depreciation	71	69
Net interest cost on pension scheme	7	9
Maintenance of premises and equipment	87	50
Cleaning	7	8
Rates	17	15
Energy	20	20
Insurance	44	41
Security	-	1
Catering	86	89
Occupancy costs	13	6
Bank interest and charges	1	1
Other support costs	123	115
Governance costs	17	19
Technology costs	15	11
	<hr/> 603	<hr/> 549
	<hr/> 1,935	<hr/> 1,924



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

**7. EXPENDITURE**

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	1,138	-	201	1,339	1,384
Support costs	95	197	304	596	540
	<u>1,233</u>	<u>197</u>	<u>505</u>	<u>1,935</u>	<u>1,924</u>
Total 2017	<u>1,338</u>	<u>162</u>	<u>424</u>	<u>1,924</u>	

In 2018 of the total expenditure, £148,000 (2017 - £135,000) was to unrestricted funds and £1,787,000 (2017 - £1,789,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed assets losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	71	69
Auditors' remuneration - audit	6	5
Auditors' remuneration - non-audit	2	3
Operating lease rentals	<u>13</u>	<u>13</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	782	833
Social security costs	70	71
Operating costs of defined benefit pension schemes	152	169
	<hr/> 1,004	<hr/> 1,073
Supply staff costs	229	265
	<hr/> 1,233	<hr/> 1,338
	<hr/> <hr/>	<hr/> <hr/>

Included in operating costs of defined benefit pension schemes is a debit of £22,000 (2017: £40,000) relating to the pension deficit actuarial adjustment.

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	13	14
Administration and support	23	23
Management	4	4
	<hr/> 40	<hr/> 41
	<hr/> <hr/>	<hr/> <hr/>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

**d. 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 national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £269,000 (2017: £272,000).



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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. GOVERNORS' REMUNERATION AND EXPENSES**

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

		2018 £000	2017 £000
L Chalk, Principal and Governor	Remuneration	70-75	70-75
	Pension contributions paid	10-15	10-15
A Mitchinson, Vice Principal and Governor	Remuneration	50-55	50-55
	Pension contributions paid	5-10	5-10

During the year, no Governors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £161 to 2 Governors).

**11. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £2,509 (2017 - £1,600).

**12. NET INTEREST COST ON PENSION SCHEME**

	2018 £000	2017 £000
Interest income on pension scheme assets	14	10
Interest on pension scheme liabilities	(21)	(19)
	<u>(7)</u>	<u>(9)</u>

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**13. TANGIBLE FIXED ASSETS**

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
<b>COST</b>				
At 1 September 2017	2,713	95	42	2,850
Additions	11	18	24	53
At 31 August 2018	2,724	113	66	2,903
<b>DEPRECIATION</b>				
At 1 September 2017	164	9	36	209
Charge for the year	52	11	8	71
At 31 August 2018	216	20	44	280
<b>NET BOOK VALUE</b>				
At 31 August 2018	2,508	93	22	2,623
At 31 August 2017	2,549	86	6	2,641

**14. DEBTORS**

	2018 £000	2017 £000
VAT recoverable	52	143
Prepayments and accrued income	68	77
	120	220

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £000	2017 £000
Trade creditors	138	114
Taxation and social security	18	19
Other creditors	17	17
Accruals and deferred income	46	135
	219	285
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	33	47
Resources deferred during the year	32	33
Amounts released from previous years	(33)	(47)
Deferred income at 31 August 2018	32	33

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

At the balance sheet date the academy was holding deferred income relating to Universal Infant Free School Meals.

Included within other creditors is a loan of £1,000 (2017: £1,000) from Salix which is provided on the following terms: repayable over a period of 8 years via bi-annual deductions from General Annual Grant funding.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £000	2017 £000
Other creditors	5	6

Included within other creditors is a loan of £5,000 (2017: £6,000) from Salix which is provided on the following terms: repayable over a period of 8 years via bi-annual deductions from General Annual Grant funding.

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	303	100	(148)	-	-	255
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	59	1,412	(1,427)	(44)	-	-
Pupil Premium	-	71	(71)	-	-	-
SEN	-	9	(9)	-	-	-
Other ESFA/DfE grants	-	74	(74)	-	-	-
Other Government grants	-	106	(106)	-	-	-
Pension reserve	(293)	-	(29)	-	79	(243)
	(234)	1,672	(1,716)	(44)	79	(243)



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

**17. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

Assets inherited on conversion	2,295	-	(47)	-	-	2,248
Devolved Formula Capital	25	9	(3)	-	-	31
Capital expenditure from GAG	267	-	(12)	44	-	299
Capital expenditure from unrestricted funds	3	-	(3)	-	-	-
Condition Improvement Fund	51	-	(6)	-	-	45
	<u>2,641</u>	<u>9</u>	<u>(71)</u>	<u>44</u>	<u>-</u>	<u>2,623</u>
Total restricted funds	<u>2,407</u>	<u>1,681</u>	<u>(1,787)</u>	<u>-</u>	<u>79</u>	<u>2,380</u>
Total of funds	<u>2,710</u>	<u>1,781</u>	<u>(1,935)</u>	<u>-</u>	<u>79</u>	<u>2,635</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>GENERAL FUNDS</b>						
Unrestricted funds	<u>333</u>	<u>105</u>	<u>(135)</u>	<u>-</u>	<u>-</u>	<u>303</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	295	1,446	(1,427)	(255)	-	59
Pupil Premium	-	69	(69)	-	-	-
SEN	-	13	(13)	-	-	-
Other ESFA/DfE grants	-	67	(67)	-	-	-
Other Government grants	-	95	(95)	-	-	-
Pension reserve	(485)	-	(49)	-	241	(293)
	<u>(190)</u>	<u>1,690</u>	<u>(1,720)</u>	<u>(255)</u>	<u>241</u>	<u>(234)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

Assets inherited on conversion	2,342	-	(47)	-	-	2,295
Devolved Formula Capital	11	15	(1)	-	-	25
Capital expenditure from GAG	14	-	(2)	255	-	267
Capital expenditure from unrestricted funds	16	-	(13)	-	-	3
Condition Improvement Fund	57	-	(6)	-	-	51
	<u>2,440</u>	<u>15</u>	<u>(69)</u>	<u>255</u>	<u>-</u>	<u>2,641</u>
Total restricted funds	<u>2,250</u>	<u>1,705</u>	<u>(1,789)</u>	<u>-</u>	<u>241</u>	<u>2,407</u>
Total of funds	<u>2,583</u>	<u>1,810</u>	<u>(1,924)</u>	<u>-</u>	<u>241</u>	<u>2,710</u>

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	<u>333</u>	<u>205</u>	<u>(283)</u>	<u>-</u>	<u>-</u>	<u>255</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	295	2,858	(2,854)	(299)	-	-
Pupil Premium	-	140	(140)	-	-	-
SEN	-	22	(22)	-	-	-
Other ESFA/DfE grants	-	141	(141)	-	-	-
Other Government grants	-	201	(201)	-	-	-
Pension reserve	(485)	-	(78)	-	320	(243)
	<u>(190)</u>	<u>3,362</u>	<u>(3,436)</u>	<u>(299)</u>	<u>320</u>	<u>(243)</u>

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**17. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

Assets inherited on conversion	2,342	-	(94)	-	-	2,248
Devolved Formula Capital	11	24	(4)	-	-	31
Capital expenditure from GAG	14	-	(14)	299	-	299
Capital expenditure from unrestricted funds	16	-	(16)	-	-	-
Condition Improvement Fund	57	-	(12)	-	-	45
	<u>2,440</u>	<u>24</u>	<u>(140)</u>	<u>299</u>	<u>-</u>	<u>2,623</u>
	<u>2,250</u>	<u>3,386</u>	<u>(3,576)</u>	<u>-</u>	<u>320</u>	<u>2,380</u>
Total of funds	<u>2,583</u>	<u>3,591</u>	<u>(3,859)</u>	<u>-</u>	<u>320</u>	<u>2,635</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the academy sees fit to support deprived students.

Other ESFA/DfE grants relate to PE and Sports Grant. PE and Sports Grant funding must be spent on PE and Sports curriculum costs.

Other government grants relate to Early Years funding and Universal Infant Free School Meals. Early Years Funding must be spent on costs relating to the provision of education to pupils. Universal Infant Free School Meals funding must be spent on costs relating to the provision of meals to pupils.

SEN is additional funding for pupils with special educational needs.

Transfers have been made from GAG to fixed asset funds in relation to capital assets acquired through GAG.

The pensions reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 21.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.



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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	2,623	2,623
Current assets	424	55	-	479
Creditors due within one year	(169)	(50)	-	(219)
Creditors due in more than one year	-	(5)	-	(5)
Provisions for liabilities and charges	-	(243)	-	(243)
	<u>255</u>	<u>(243)</u>	<u>2,623</u>	<u>2,635</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	2,641	2,641
Current assets	303	350	-	653
Creditors due within one year	-	(285)	-	(285)
Creditors due in more than one year	-	(6)	-	(6)
Provisions for liabilities and charges	-	(293)	-	(293)
	<u>303</u>	<u>(234)</u>	<u>2,641</u>	<u>2,710</u>

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(154)	(114)
<b>Adjustment for:</b>		
Depreciation charges	71	69
Dividends, interest and rents from investments	-	(1)
Decrease/(increase) in debtors	100	(37)
Decrease in creditors	(66)	(21)
Capital grants from DfE and other capital income	(9)	(8)
Defined benefit pension scheme cost less contributions payable	22	40
Defined benefit pension scheme finance cost	7	9
<b>Net cash used in operating activities</b>	<u>(29)</u>	<u>(63)</u>

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**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £000	2017 £000
Cash in hand	359	433
Total	<u>359</u>	<u>433</u>

**21. PENSION COMMITMENTS**

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

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

Contributions amounting to £16,000 were payable to the schemes at 31 August 2018 (2017 - 16,000) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**21. PENSION COMMITMENTS (continued)**

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 £97,000 (2017 - £95,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £45,000 (2017 - £47,000), of which employer's contributions totalled £33,000 (2017 - £34,000) and employees' contributions totalled £12,000 (2017 - £13,000). The agreed contribution rates for future years are 15.6% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Inflation assumption (CPI)	2.00 %	2.00 %
Rate of increase in salaries	3.00 %	3.00 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2018	2017
Retiring today		
Males	22.9	22.8
Females	25.0	24.9
Retiring in 20 years		
Males	25.1	25.0
Females	27.3	27.2

	At 31 August 2018 £000	At 31 August 2017 £000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	841	822
Discount rate -0.1%	885	865
Mortality assumption - 1 year increase	838	818
Mortality assumption - 1 year decrease	888	868
CPI rate +0.1%	877	857
CPI rate -0.1%	849	829



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

**21. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	452	435
Property	48	35
Corporate bonds	-	1
Property	-	-
Cash and other liquid assets	112	70
Other	8	9
	<hr/>	<hr/>
Total market value of assets	620	550
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £30,000 (2017 - £50,000).

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

	2018 £000	2017 £000
Current service cost	(52)	(74)
Interest income	14	10
Interest cost	(21)	(19)
	<hr/>	<hr/>
Total	(59)	(83)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £000	2017 £000
Opening defined benefit obligation	843	939
Current service cost	52	74
Interest cost	21	19
Employee contributions	11	13
Actuarial gains	(63)	(201)
Benefits paid	(1)	(1)
	<hr/>	<hr/>
Closing defined benefit obligation	863	843
	<hr/> <hr/>	<hr/> <hr/>

**KADER ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION COMMITMENTS (continued)**

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

	2018 £000	2017 £000
Opening fair value of scheme assets	550	454
Interest income	14	10
Actuarial losses	16	40
Employer contributions	30	34
Employee contributions	11	13
Benefits paid	(1)	(1)
	<hr/>	<hr/>
Closing fair value of scheme assets	620	550
	<hr/> <hr/>	<hr/> <hr/>

**22. OPERATING LEASE COMMITMENTS**

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

	2018 £000	2017 £000
<b>AMOUNTS PAYABLE:</b>		
Within one year	8	13
Between one and five years	9	18
	<hr/>	<hr/>
Total	17	31
	<hr/> <hr/>	<hr/> <hr/>

**23. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.