

**THE KEY EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020**

THE KEY EDUCATIONAL TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

The following key performance indicators are considered when reviewing performance:

EYFS

Percentage of EYFS pupils achieving a Good Level of Development (GLD)

Key Stage 1

Percentage of Y1 pupils achieving expected standard in Phonics

Percentage of Y2 pupils achieving expected standard in Phonics in retest

Percentage of Y2 pupils achieving expected standard in Reading, Writing, Maths and Science

Key Stage 2

Percentage of pupils achieving scaled score of 100+

Percentage of pupils achieving scaled score of 100+ in Reading, Writing and Maths

Percentage of pupils making expected+ progress from KS1 to KS2 - IDSR

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the three Academies have 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 Accounting Policies note of the financial statements.

Financial review

The majority of the Trust's income in the year was its General Annual Grant (GAG), the use of which is restricted to use in the furtherance of the objects of the Trust. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Total income for the Trust during the year was £3.943m (2019 - £4.041m) and total expenditure was £4.181m (2019 - £4.1m), giving rise to a deficit of £0.238m (2019 - £0.059m).

At the year end the Trust had cash reserves of £1.136m at the year-end (2019 - £1.117m).

The Trust's restricted funds at the year-end were £4.659m (2019 - £5.030m) and its unrestricted funds were £0.429m (2019 - £0.426).

The Directors remain concerned with the deficit that the Local Government Pension Fund is reporting. (See Note 19 to the Financial Statements).

Covid-19 posed many challenges for the Trust, but its financial performance has not been adversely affected.

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

The Directors have identified a number of priorities for capital projects to improve the Trust's facilities, including the ongoing need to replace a substantial proportion of the Trust's ICT infrastructure each year. The level of reserves will be kept under review by the Board of Directors.

The reserves of the Trust are detailed in note 17.

THE KEY EDUCATIONAL TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Investment policy

The Trust holds no realisable investments. It does hold cash at bank and the Board of Directors has adopted a low risk strategy in respect of these funds, their primary concern being to maintain adequate funds in the current account, to cover all anticipated requirements.

Principal risks and uncertainties

The Directors confirm that the major risks to which the Trust is exposed have been reviewed and systems have been established to mitigate those risks. The principal risks and uncertainties facing the Trust are as follows:

Risk Description	Action
Diminishing public perception due to possible failure to meet Ofsted's increased criteria.	School self-evaluation updated, new Improvement Plan developed in conjunction with staff and Directors, review of procedures
Disruption of pupils' education as a result of the Covid-19 pandemic	Take reasonable steps to keep the Trust open as far as possible following all DfE guidelines
Financial uncertainties due to: <ul style="list-style-type: none">• Lack of information more than a year in advance• Changes in funding formula• Unfunded staff pay rises• Cost pressures (e.g. fuel, LGPS and NI contributions, incremental drift)	Contribute to LA consultation process about funding proposals, raise concerns with ESFA, plan according to current information (4 or 5 form entry, demographics, salary modellers), recruitment to specified pay scales

Where significant financial risk still remains the Directors have ensured that they have in place adequate insurance cover. The Trust has an effective system of internal controls as detailed below.

Statement on the system of internal financial controls

As Directors, we acknowledge we have overall responsibility for ensuring that the 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 mis-statement or loss.

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

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 the Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

THE KEY EDUCATIONAL TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Risk and Control Framework

The Trust's system of internal financial controls 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 Directors;
- regular reviews by the Finance 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 performances;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors have considered the need for a specific internal audit function and has retained a service level agreement with Staffordshire County Council, although the audit for the later part of the year was cancelled due to Covid19. The KET used the Finances committee to carry out the functions of an audit committee. The LA report to the Finance Director giving advice on financial matters and performing a range of checks on the Trust's financial systems – this year the reports have been produced for Christ Church Academy. On a termly basis, the Finance Director reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The Directors are satisfied that the Finance Director's function has been delivered in line with the EFA's requirements. No material control issues have been identified as a result of the work undertaken.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee.

Connected Organisations, including Related Party Relationships

The School Fund of all three schools within the Trust has been aggregated into these accounts as the funds are under the control of the Trust. The income and expenditure of the School Fund are shown in the Trust's restricted and unrestricted general funds, as appropriate.

Christ Church Academy is party to a 125 year lease for the property and all related surroundings, the landlords being Lichfield Diocesan Board of Education and Staffordshire County Council. Oulton First School is party to a 125 year lease. Christ Church First School is party to a 125 year license. The benefits of these leases/licenses have been independently valued and included as restricted fixed asset income and included in the Balance Sheet as at the year end.

THE KEY EDUCATIONAL TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

The academy trust does not use any external fundraisers. Any fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

In accordance with the aims of the Key Educational Trust, it will continue to drive improvements in the levels of performance of its pupils at all levels. It will continue its efforts to ensure that all pupils are well prepared for the next stage of their education. The Trust will continue to develop its facilities for its pupils and staff, and is currently considering a number of potential projects to improve the premises.

Funds held as custodian trustee on behalf of others

During the year ended 31 August 2020, the Trust did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Auditor

In so far as the directors are aware:

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

The directors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 January 2021 and signed on its behalf by:

Mrs J Hope (Vice Chair)

THE KEY EDUCATIONAL TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities.

Review of value for money

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

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

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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;
- identification and management of risks.

THE KEY EDUCATIONAL TRUST
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the Premises Committee, undertaking the functions of an audit committee;
- the work carried out by the Local Authority in carrying out termly internal audit reviews;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Responsible Officer.

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 business manager;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Responsible Officer.

Approved by order of the members of the Board of Directors on 12 January 2021 and signed on its behalf by:

Mrs J Hope (Vice Chair)

Mr C M Wright (Accounting Officer)

THE KEY EDUCATIONAL TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of The Key Educational Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and 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 2019.

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

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

Mr C M Wright
Accounting officer

12 January 2021

THE KEY EDUCATIONAL TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The directors (who also act as trustees for The Key Educational Trust) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law, the directors must not approve the accounts 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 accounts, the directors are required to:

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

The directors 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 accounts 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 directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 12 January 2021 and signed on its behalf by:

Mrs J Hope (Vice Chair)

THE KEY EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KEY EDUCATIONAL TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

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

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

Other information

The directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE KEY EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KEY EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions 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 directors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report including the incorporated 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated strategic report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors are responsible for assessing the academy trust'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 directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

THE KEY EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KEY EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Peter Plant BA FCA (Senior Statutory Auditor)
for and on behalf of Plant & Co Limited

12 January 2021

Chartered Accountants
Statutory Auditor
17 Lichfield Street
Stone
Staffordshire
ST15 8NA

THE KEY EDUCATIONAL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KEY EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

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

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

Respective responsibilities of The Key Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Key Educational Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- scrutinising ledgers and supporting evidence regarding the use of restricted funds;
- checking opening and closing fund reconciliations;
- reviewing the financial management information prepared by the finance committee and the minutes of the meeting of Directors; and
- undertaking assurance based testing as additional procedures in each area of our audit work, focusing on both the use of funds and the understanding by the accounting officer and Directors of their respective responsibilities, in particular how the systems in place assisted them in fulfilling those responsibilities.

THE KEY EDUCATIONAL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KEY EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Peter Plant BA FCA

Reporting Accountant

Plant & Co Limited

Dated: 12 January 2021

THE KEY EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £000	Restricted funds: General £000	Fixed asset £000	Total 2020 £000	Total 2019 £000
Income and endowments from:						
Donations and capital grants	3	12	1	13	26	219
Charitable activities:						
- Funding for educational operations	4	-	3,885	-	3,885	3,782
Other trading activities	5	31	-	-	31	39
Investments	6	1	-	-	1	1
Total		<u>44</u>	<u>3,886</u>	<u>13</u>	<u>3,943</u>	<u>4,041</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	41	3,984	156	4,181	4,100
Total	7	<u>41</u>	<u>3,984</u>	<u>156</u>	<u>4,181</u>	<u>4,100</u>
Net income/(expenditure)		3	(98)	(143)	(238)	(59)
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	19	-	(131)	-	(131)	(376)
Net movement in funds		3	(229)	(143)	(369)	(435)
Reconciliation of funds						
Total funds brought forward		426	(890)	5,921	5,457	5,891
Total funds carried forward		<u>429</u>	<u>(1,119)</u>	<u>5,778</u>	<u>5,088</u>	<u>5,456</u>

THE KEY EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted	Restricted funds:		Total
		funds	General	Fixed asset	2019
		£000	£000	£000	£000
Income and endowments from:					
Donations and capital grants	3	9	-	210	219
Charitable activities:					
- Funding for educational operations	4	-	3,782	-	3,782
Other trading activities	5	39	-	-	39
Investments	6	1	-	-	1
Total		<u>49</u>	<u>3,782</u>	<u>210</u>	<u>4,041</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	-	3,943	157	4,100
Total	7	<u>-</u>	<u>3,943</u>	<u>157</u>	<u>4,100</u>
Net income/(expenditure)		49	(161)	53	(59)
Transfers between funds	17	1	30	(31)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(376)	-	(376)
Net movement in funds		50	(507)	22	(435)
Reconciliation of funds					
Total funds brought forward		<u>376</u>	<u>(385)</u>	<u>5,900</u>	<u>5,891</u>
Total funds carried forward		<u>426</u>	<u>(892)</u>	<u>5,922</u>	<u>5,456</u>

THE KEY EDUCATIONAL TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	13		5,777		5,921
Current assets					
Debtors	14	74		121	
Cash at bank and in hand		1,136		1,117	
		<u>1,210</u>		<u>1,238</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(329)		(393)	
Net current assets			881		845
Net assets excluding pension liability			6,658		6,766
Defined benefit pension scheme liability	19		(1,570)		(1,310)
Total net assets			<u>5,088</u>		<u>5,456</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			5,778		5,922
- Restricted income funds			451		418
- Pension reserve			(1,570)		(1,310)
Total restricted funds			4,659		5,030
Unrestricted income funds	17		429		426
Total funds			<u>5,088</u>		<u>5,456</u>

The accounts on pages 27 to 50 were approved by the directors and authorised for issue on 12 January 2021 and are signed on their behalf by:

Reverend P Kingman (Chair)
Company Limited by Guarantee
Registration Number 07702211

THE KEY EDUCATIONAL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £000	£000	2019 £000	£000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	20		17		(98)
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		13		205	
Purchase of tangible fixed assets		(12)		(199)	
Net cash provided by investing activities			<u>2</u>		<u>7</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period			19		(91)
Cash and cash equivalents at beginning of the year			<u>1,117</u>		<u>1,208</u>
Cash and cash equivalents at end of the year			<u><u>1,136</u></u>		<u><u>1,117</u></u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

The Key Educational Trust is a company limited by guarantee incorporated in England. Its registered office address is Christ Church Middle School, Old Road, Stone, Staffordshire ST15 8JD. The nature of the Trusts operations and principal activities are set out in the Directors' Report beginning on page 7.

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

1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The directors 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 charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Leasehold land and buildings	2% straight line
Computer equipment	15% reducing balance
Furniture & equipment	15% reducing balance

Valuation of Occupied Property

The property known as Christ Church Academy at Old Road, Stone ST15 8JD is occupied under a 125 year lease, commencing 1 August 2011. The landlords are The Lichfield Diocesan Board of Education and Staffordshire County Council. The property was valued independently upon conversion and was treated as a restricted fixed asset fund donation for the year and included as fixed asset additions on the Balance Sheet. The property has since been depreciated in accordance with the Trust's accounting policy and the original value has a net book value of £2.026m (2019 £2.072m) at the year end.

The properties known as Christ Church CofE (C) First School at Northesk Street, Stone ST15 8EP and Outlon CofE (C) First School at Rock Crescent, Stone ST15 8UH are both occupied under individual licences with the Secretary of State and The Lichfield Diocesan Board of Educations, governed by Church Supplemental Agreements dated 30 March 2016.

In accordance with the guidance contained within the Academies Accounts Direction 2015 to 2016, both properties were independently valued upon conversion, were treated as a restricted fixed asset fund donations and were included as fixed asset additions on the Balance Sheet.

The properties have since been depreciated in accordance with the Trust's accounting policy and the original values have a net book value of £1.444m (2019 £1.476m) and £1.35m (2019 £1.38m) respectively at the year end.

The Directors acknowledge that the guidance relating to the accounting treatment of a property occupied under license has been revised in latest versions of the Accounts Direction. They will review the treatment at each year end, but based on the Church Supplemental Agreements currently in place, they believe that the existing treatment is the most appropriate.

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.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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 cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

The LGPS is a funded multi-employer 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

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

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].

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Trustee's do not believe that there are any areas of judgement that are critical to the financial statements.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Donated fixed assets	-	-	-	5
Capital grants	-	13	13	205
Other donations	12	1	13	9
	<u>12</u>	<u>14</u>	<u>26</u>	<u>219</u>

Income from donations and capital grants was £26,000 (2019 - £219,000) of which £12,000 (2019 - £9,000) was attributable to unrestricted funds, £1,000 (2019 - £Nil) was attributable to restricted general funds and £13,000 (2019 - £210,000) was attributable to restricted fixed asset funds.

Contingencies and unfulfilled conditions attaching to Government grants are disclosed elsewhere, where appropriate.

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
DfE / ESFA grants				
General annual grant (GAG)	-	3,444	3,444	3,319
Other DfE group grants	-	29	29	238
	<u>-</u>	<u>3,473</u>	<u>3,473</u>	<u>3,557</u>
Other government grants				
Special educational projects	-	24	24	42
	<u>-</u>	<u>24</u>	<u>24</u>	<u>42</u>
Other incoming resources	-	388	388	183
	<u>-</u>	<u>388</u>	<u>388</u>	<u>183</u>
Total funding	<u>-</u>	<u>3,885</u>	<u>3,885</u>	<u>3,782</u>

Funding for Trust's educational operations was £3.885m (2019 - £3.782m) of which £Nil (2019 - £Nil) was attributable to unrestricted funds, £3.885m (2019 - £3.782m) was attributable to restricted general funds and £Nil (2019 - £Nil) was attributable to restricted fixed asset funds.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Hire of facilities	3	-	3	4
Catering, stationery and sundry charity income	8	-	8	13
Music tuition	20	-	20	22
	<u>31</u>	<u>-</u>	<u>31</u>	<u>39</u>

6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

7 Expenditure

	Staff costs £000	Non-pay expenditure		Total 2020 £000	Total 2019 £000
		Premises £000	Other £000		
Academy's educational operations					
- Direct costs	2,447	-	392	2,839	2,774
- Allocated support costs	576	366	400	1,342	1,326
	<u>3,023</u>	<u>366</u>	<u>792</u>	<u>4,181</u>	<u>4,100</u>

£41,000 (2019 - £nil) of the above expenditure on the Trust's educational operations was attributable to unrestricted funds, £3.984m (2019 - £3.941m) was attributable to restricted general funds and £156,000 (2019 - £158,000) was attributable to restricted fixed asset funds.

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Fees payable to auditor for audit services	8	8
Operating lease rentals	12	13
Depreciation of tangible fixed assets	156	157
Net interest on defined benefit pension liability	25	24
	<u>199</u>	<u>202</u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services; or
- others as arising.

The academy trust charges for these services on the following basis:

- flat percentage of top slice income (4%)

The amounts charged during the year were as follows:

	2020	2019
	£000	£000
Christ Church Academy	93	93
Christ Church First School	22	22
Oulton First School	13	13
	<u>128</u>	<u>128</u>

9 Charitable activities

	Unrestricted	Restricted	Total	Total
	funds	funds	2020	2019
	£000	£000	£000	£000
Direct costs				
Educational operations	20	2,819	2,839	2,774
Support costs				
Educational operations	21	1,321	1,342	1,326
	<u>41</u>	<u>4,140</u>	<u>4,181</u>	<u>4,100</u>

	2020	2019
	£000	£000
Analysis of support costs		
Support staff costs	576	550
Depreciation	156	157
Technology costs	38	39
Premises costs	210	214
Legal costs	1	1
Other support costs	184	175
Governance costs	177	190
	<u>1,342</u>	<u>1,326</u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£000	£000
Wages and salaries	2,142	2,011
Social security costs	210	204
Pension costs	596	453
	<hr/>	<hr/>
Staff costs - employees	2,948	2,668
Agency staff costs	75	208
Staff restructuring costs	-	81
	<hr/>	<hr/>
Total staff expenditure	3,023	2,957
	<hr/>	<hr/>

Staff restructuring costs comprise:

Redundancy payments	-	81
	<hr/>	<hr/>

Staff numbers

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

	2020	2019
	Number	Number
Teachers	34	33
Administration and support	47	51
Management	10	9
	<hr/>	<hr/>
	91	93
	<hr/>	<hr/>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2020	2019
	Number	Number
Teachers	32	30
Administration and support	29	28
Management	9	8
	<hr/>	<hr/>
	70	66
	<hr/>	<hr/>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£100,001 - £110,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £529,180 (2019: £678,355).

11 Directors' remuneration and expenses

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

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

C M Wright (principal and trustee): Remuneration £105,000 - £110,000 (2019: £105,000 - £110,000)
Employer's pension contributions paid £25,000 - £30,000 (2019: £15,000 - £20,000)

A Graham: Remuneration £70,000 - £75,000 (2019: £65,000 - £70,000) Employer's pension contributions paid £15,000 - £20,000 (2019: £11,000 - £15,000)

12 Insurance for directors and officers

In accordance with normal commercial practice, the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The cost of this insurance is included in the total insurance cost.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Leasehold land and buildings	Computer equipment	Furniture & equipment	Total
	£000	£000	£000	£000
Cost				
At 1 September 2019	6,253	184	250	6,687
Additions	7	5	-	12
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	6,260	189	250	6,699
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 September 2019	531	94	141	766
Charge for the year	125	16	15	156
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2020	656	110	156	922
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 August 2020	5,604	79	94	5,777
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 August 2019	5,722	90	109	5,921
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Debtors

	2020 £000	2019 £000
Trade debtors	4	-
VAT recoverable	19	83
Other debtors	5	8
Prepayments and accrued income	46	30
	<u> </u>	<u> </u>
	74	121
	<u> </u>	<u> </u>

15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	46	68
Other taxation and social security	93	91
Other creditors	77	65
Accruals and deferred income	113	169
	<u> </u>	<u> </u>
	329	393
	<u> </u>	<u> </u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Deferred income

	2020 £000	2019 £000
Deferred income is included within:		
Creditors due within one year	96	58
	<u>96</u>	<u>58</u>
Deferred income at 1 September 2019	58	189
Released from previous years	(58)	(189)
Resources deferred in the year	96	58
	<u>96</u>	<u>58</u>
Deferred income at 31 August 2020	96	58

17 Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	362	3,444	(3,395)	-	411
Other DfE / ESFA grants	-	29	(29)	-	-
Other government grants	-	24	(24)	-	-
Other restricted funds	58	389	(407)	-	40
Pension reserve	(1,310)	-	(129)	(131)	(1,570)
	<u>(890)</u>	<u>3,886</u>	<u>(3,984)</u>	<u>(131)</u>	<u>(1,119)</u>
Restricted fixed asset funds					
Inherited on conversion	5,025	-	(140)	-	4,885
DfE group capital grants	481	13	(9)	-	485
Capital expenditure from GAG	415	-	(7)	-	408
	<u>5,921</u>	<u>13</u>	<u>(156)</u>	<u>-</u>	<u>5,778</u>
Total restricted funds	5,031	3,899	(4,140)	(131)	4,659
Unrestricted funds					
General funds	426	44	(41)	-	429
	<u>426</u>	<u>44</u>	<u>(41)</u>	<u>-</u>	<u>429</u>
Total funds	5,457	3,943	(4,181)	(131)	5,088

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

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

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

Closing Restricted General Funds were as follows:

General Annual Grant (£411,000)

The Principal has in place a schedule of improvements, both in IT and building infrastructure, the costs of which will be made from the GAG fund carried forward. There is no restriction on the balance that can be carried forward on this fund.

Other Restricted

School Fund (£40,000)

This represents the balance of funds held in the School Funds bank account.

Closing Restricted Fixed Asset Funds were as follows:

Transfer from Local Authority on conversion (£4,885,000)

This represents value of assets transferred upon conversion to the Trust, less depreciation accounted for on those assets.

DfE/EFA capital grants (£485,000)

Since conversion, certain amounts of capital expenditure have been financed out of GAG. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Capital expenditure from GAG (£408,000)

Since the conversion, certain amounts of capital expenditure have been financed out of GAG. This balance represents the amount of funding used in this manner, less the depreciation accounted for on those assets.

Closing Unrestricted Funds were as follows:

Unrestricted Funds (£429,000)

This fund represents the accumulation of unrestricted funds generated from activities. These funds are held to enable the Trust to accommodate any future GAG deficits and contingency costs.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	391	3,319	(3,382)	30	358
Other DfE / ESFA grants	-	238	(238)	-	-
Other government grants	-	42	(42)	-	-
Other restricted funds	44	183	(167)	-	60
Pension reserve	(820)	-	(114)	(376)	(1,310)
	<u>(385)</u>	<u>3,782</u>	<u>(3,943)</u>	<u>(346)</u>	<u>(892)</u>
Restricted fixed asset funds					
Transfer on conversion	5,165	-	(140)	-	5,025
DfE group capital grants	281	205	(4)	-	482
Capital expenditure from GAG	454	-	(8)	(31)	415
Private sector capital sponsorship	-	5	(5)	-	-
	<u>5,900</u>	<u>210</u>	<u>(157)</u>	<u>(31)</u>	<u>5,922</u>
Total restricted funds	<u>5,515</u>	<u>3,992</u>	<u>(4,100)</u>	<u>(377)</u>	<u>5,030</u>
Unrestricted funds					
General funds	<u>376</u>	<u>49</u>	<u>-</u>	<u>1</u>	<u>426</u>
Total funds	<u>5,891</u>	<u>4,041</u>	<u>(4,100)</u>	<u>(376)</u>	<u>5,456</u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

Total funds analysis by academy

	2020	2019
	£000	£000
Fund balances at 31 August 2020 were allocated as follows:		
Christ Church Academy	1,071	989
Christ Church First School	(150)	(130)
Oulton First School	(56)	(12)
The Key Educational Trust	15	(3)
	<u>880</u>	<u>844</u>
Total before fixed assets fund and pension reserve	880	844
Restricted fixed asset fund	5,778	5,922
Pension reserve	(1,570)	(1,310)
	<u>5,088</u>	<u>5,456</u>
Total funds	<u><u>5,088</u></u>	<u><u>5,456</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000
Christ Church Academy	1,812	288	111	564	2,775	2,647
Christ Church First School	452	52	21	166	691	766
Oulton First School	291	36	22	92	441	402
The Key Educational Trust	39	37	3	39	118	125
	<u>2,594</u>	<u>413</u>	<u>157</u>	<u>861</u>	<u>4,025</u>	<u>3,940</u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	5,778	5,778
Current assets	429	780	-	1,209
Creditors falling due within one year	-	(329)	-	(329)
Defined benefit pension liability	-	(1,570)	-	(1,570)
Total net assets	429	(1,119)	5,778	5,088

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	5,922	5,922
Current assets	426	811	-	1,237
Creditors falling due within one year	-	(393)	-	(393)
Defined benefit pension liability	-	(1,310)	-	(1,310)
Total net assets	426	(892)	5,922	5,456

19 Pension and similar obligations

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

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

Contributions amounting to £19,950 were payable to the schemes at 31 August 2020 (2019: £18,884) 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' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £369,477 (2019: £245,432).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.5% for employers and 5.5-12.5% 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.

Total contributions made	2020	2019
	£000	£000
Employer's contributions	162	128
Employees' contributions	34	33
Total contributions	<u>196</u>	<u>161</u>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	2.7%	2.7
Rate of increase for pensions in payment/inflation	2.3%	2.3
Discount rate for scheme liabilities	1.7%	1.8
Inflation assumption (CPI)	3.2%	2.7

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

	2020 Years	2019 Years
Retiring today		
- Males	21.2	21.1
- Females	23.6	23.4
Retiring in 20 years		
- Males	22.1	22.2
- Females	25.0	24.8

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
Discount rate -0.5%	11%	11%
CPI rate +0.5%	10%	11%
Salary increase rate +0.5%	1%	1%

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

	2020 Fair value £000	2019 Fair value £000
Equities	1,178	1,084
Bonds	347	351
Property	139	128
Other assets	69	31
Total market value of assets	1,733	1,594

The actual return on scheme assets was £(15,000) (2019: £90,000).

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

Amount recognised in the Statement of Financial Activities	2020	2019
	£000	£000
Current service cost	266	218
Interest income	(30)	(40)
Interest cost	55	64
	<hr/>	<hr/>
Total operating charge	291	242
	<hr/>	<hr/>
Changes in the present value of defined benefit obligations	2020	2019
	£000	£000
At 1 September 2019	1,310	820
Current service cost	266	218
Interest cost	55	64
Employee contributions	34	33
Actuarial loss	86	426
Benefits paid	(42)	(21)
	<hr/>	<hr/>
At 31 August 2020	1,709	1,540
	<hr/>	<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2020	2019
	£000	£000
Interest income	30	40
Actuarial loss/(gain)	(45)	50
Employer contributions	162	128
Employee contributions	34	33
Benefits paid	(42)	(21)
	<hr/>	<hr/>
At 31 August 2020	139	230
	<hr/>	<hr/>

THE KEY EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Reconciliation of net expenditure to net cash flow from operating activities	2020	2019
	£000	£000
Net expenditure for the reporting period (as per the statement of financial activities)	(238)	(59)
Adjusted for:		
Capital grants from DfE and other capital income	(13)	(210)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	105	97
Defined benefit pension scheme finance cost	25	24
Depreciation of tangible fixed assets	156	157
Decrease/(increase) in debtors	47	(2)
(Decrease) in creditors	(64)	(104)
Net cash provided by/(used in) operating activities	17	(98)

21 Analysis of changes in net funds	1 September	Cash flows	31 August
	2019		2020
	£000	£000	£000
Cash	1,117	19	1,136

22 Related party transactions

No related party transactions took place in the period of account other than certain directors' remuneration and expenses already disclosed in note 11.

23 Members' liability

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