

Company Registration No. 07702460 (England and Wales)

KENSINGTON ALDRIDGE ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

KENSINGTON ALDRIDGE ACADEMY

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KENSINGTON ALDRIDGE ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Sir R Aldridge B Martin M May Cllr E Will	- Chair of Governors
Governors	M May (Chair of Governors) L Abbott (Resigned 1 October 2018) Sir R Aldridge A Balon D Benson (Accounting Officer) N Boujjetef (Appointed 7 March 2019) J Brown Sir M Cockell (RBKC Co-Sponsor) D Hadley (Chair Education Committee) S Harrison (Appointed 27 September 2018) L Morris R Oyewole (Appointed 27 September 2018) M Paulson (Chair Business Committee) S Smith (Appointed 27 September 2018) J Weerasinghe (Appointed 7 March 2019 and resigned 26 September 2019) Cllr E Will (RBKC Co-Sponsor)	
Senior leadership team	D Benson R Bernard J Clayton K Deacon N Dumigan C Fisher M Harris A Jordan L Kavanagh B Malik R Pavey L Weeks	- Principal - Assistant Principal - Assistant Principal - Assistant Principal - Assistant Principal - Assistant Principal - Finance Director (resigned 28 January 2019) - Senior Vice Principal - Assistant Principal (resigned 31 December 2018) - Assistant Principal - Vice Principal - Finance Director (Appointed 7 January 2019)
Company secretary	L Weeks	
Company registration number	07702460 (England and Wales)	
Registered office	Kensington Aldridge Academy 1 Silchester Road London W10 6EX	

KENSINGTON ALDRIDGE ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Wilkins Kennedy Audit Services
5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

Bankers

Lloyds Bank PLC
39 Piccadilly
Mayfair
London
W1J 0AA

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy trust operates an academy for pupils aged 11 to 18 serving a catchment area in North Kensington.

These financial statements cover the fifth year of operation with the school now covering all seven year groups totalling approximately 1,100 pupils.

The academy trust is sponsored by Aldridge Education. The Co-Sponsors are the Royal Borough of Kensington & Chelsea. In addition, the academy trust has four education partners: Charterhouse School, Godolphin and Latymer School, The Royal Academy of Dance and The London Academy of Music and Dramatic Art.

Structure, governance and management

Constitution

The Academy trust is a company limited by guarantee with no share capital (registration no. 7702460) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy trust. The Governors act as the directors of the limited company known as Kensington Aldridge Academy and are also the trustees for the charitable company.

The Academy trust opened in 2014 and its first student intake was on 1 September 2014.

The Governors are the trustees of Kensington Aldridge Academy and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the year, and to the date these financial statements are approved, 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

In accordance with normal commercial practice, the Academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy trust business. The insurance provides cover up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of Governors

The Lead Sponsor (Aldridge Education) may appoint up to four Lead Sponsor Governors and may appoint itself as a Sponsor Governor. The Royal Borough of Kensington & Chelsea as Co-Sponsor may appoint up to two Governors. Up to 2 staff governors may be appointed. Up to 1 LA governor may be appointed. Up to two parent Governors shall be elected by parents of the registered pupils at the Academy. The Principal is treated for all purposes as being an ex-officio Governor.

The term of office for any Governor shall be four years, this shall not apply to the principal or the Lead Sponsor (during any period that the Lead Sponsor is a Governor). Every person nominated to become a member of the trust shall either sign a written consent to become a member or shall sign the register of members.

Policies and procedures adopted for the induction and training of Governors

The Chair of Governors and representatives of the Lead Sponsor meet with all new Governors to discuss their roles and responsibilities at the Academy prior to appointment. Appointments are made based on skills and competencies aligned to the Academy's requirements. All governors are given an induction plan which includes the online GEL training and additional training as required.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The Board of Governors has ultimate responsibility for the Academy's finances and delegates elements of these to the Business Committee and Education Committee as set out in the Academy Financial Regulations and Scheme of Delegation.

The Business Committee terms of reference include consideration of strategic direction of the Academy and advises the Board accordingly. It is also responsible for monitoring the financial performance and operational plans of the Academy.

The Education Committee terms of reference includes monitoring the quality of the curriculum delivery, safeguarding and educational outcomes for pupils.

The Principal is the designated Accounting Officer and is responsible to the Business Committee and Sponsors' representatives for ensuring the financial administration of the Academy's affairs in accordance with the Funding Agreement and Scheme of Delegation.

The day to day financial administration is the responsibility of the Finance Director who is responsible to the Principal. The Finance Director will advise vice-principals and curriculum leaders on the financial systems operating within their departments and has the authority to delegate operational processes to the finance team. The vice-principals are responsible for the delivery of the curriculum within their subject areas and are accountable to the Principal.

Decisions are made at Senior Leadership Team (SLT) meetings and reported to the Board of Governors via sub-committees for approval. The Senior Leadership Team (SLT) consists of Principal, 1 Senior Vice Principal, 1 Vice Principal, 7 Assistant Principals and Finance Director.

The Extended Senior Leadership includes Directors of Learning for each year group, and the Directors of English, Maths and Science. The SLT has improved and sustained impact on standards in teaching and learning.

Arrangements for setting pay and remuneration of key management personnel

All personnel are subject to the KAA performance management process which includes half yearly reviews to assess performance against objectives and to determine any changes to pay. The governors' pay review committee – a sub-committee of the academy's business committee - reviews recommendations from the Principal and approves all pay increases for staff as part of the annual review cycle. Pay for key management personnel is benchmarked against national pay and conditions for teachers and school leaders and the school pay scales broadly mirror national pay scales.

Related parties and other connected charities and organisations

The Academy is connected to Aldridge Education by virtue of the Trust's sponsorship of the Academy as well as the Royal Borough of Kensington & Chelsea who are co-sponsors.

Objectives and activities

Objects and aims

KAA is a relatively new, growing school with very high ambitions. We aim to become one of the top academies in the UK by delivering an outstanding education to all our students so that, irrespective of their starting points, they can go on to excellent achievement at GCSE and post-16.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, strategies and activities

At KAA we aim to:

- Create a culture of high aspirations, high motivation and high achievement for all
- Build a strong community based on fairness and personal responsibility
- Welcome, value and respect all who come in the school
- Be reflective and committed to our ongoing development as teachers and leaders, in our continuous strive for excellence
- Promote positive dialogue and partnership with our community

Core Values

Excellence: We aspire to greatness not only in academics, but in everything we do. Whether it be sport, music, drama, or simply our general attitude and behaviour – we aim to be the best we can be.

Resilience: We love a challenge, and understand that setbacks and mistakes are just opportunities to improve. Our abilities aren't fixed – some things take more time to learn but we will master them eventually.

Creativity: In lessons, new learning is always presented as a problem to be solved, and creativity and original thinking is rewarded. We encourage students to ask questions and develop a range of creative talents across the curriculum.

Citizenship: We put the needs of others before our own, knowing that a strong community spirit will benefit us all. Together we are greater than the sum of our parts.

KAA is committed to provide employment equality to all, irrespective of:

- Gender, marital, civil partnership or family status
- Pregnancy or maternity leave
- Sexual orientation
- Gender reassignment
- Racial group (to include colour, race, nationality, ethnic or national origin)
- Age
- Disability
- Trade union membership or non-membership
- Criminal record (a person's criminal record will be seen within the context of the post, the ability to do the job and the employers responsibility for child protection, for the care of funds, resources, the public and other employees. Only offences relevant to the post in question will be considered.)
- Religious belief and political opinion

KAA is committed to encouraging and achieving a working environment which is underpinned by fairness, where equality and diversity are recognised, encouraged and valued and the concept of individual responsibility is accepted by all.

Selection for employment and advancement will be on the basis of suitability, qualifications and aptitude to carry out the duties of the post. Eligibility criteria for all posts will reflect the ethos of the academy.

The Governing Body will positively promote and rigorously observe the objectives and principles set out in this statement and are committed to implementing policies to promote equality of opportunity within the academy.

The Governing Body recognise that the provision of equal opportunities within the work place is not only good management practice but also makes sound business sense.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities.

In particular, the members consider how planned activities will contribute to the aims and objectives they have set. As an academy, we have a duty to support other schools. We support these schools through use of our premises and specialist skills in a wide range of curriculum areas, data assessment and inclusion.

The Academy is non-selective and follows the standard admissions policy within the Royal Borough of Kensington and Chelsea. This means that places will be allocated according to proximity to the Academy and there is no selection on the grounds of ability or religion.

The Academy is supporting the Local Authority and local community by making its building available for lettings during evenings, weekend and school holidays where KAA hosts a wide range of activities including sports clubs, faith groups and holiday play schemes for younger children.

Strategic report

Achievements and performance

Kensington Aldridge Academy opened to students in September 2014 and as at September 2019 had around 1,100 students.

It is located in North Kensington, West London and serves a diverse community. In June 2017, this community was devastated by the fire at the Grenfell tower which is located immediately next to the school. Four current pupils and one former pupil died in the fire and dozens of students and school staff living in and around the tower were displaced from their homes.

Due to its proximity to the tower, the school building was closed for a full academic year and the school was temporarily relocated to a site approximately a mile from its North Kensington base. The building of the temporary school was undertaken by the Department for Education in conjunction with the Education and Skills Funding Agency (ESFA). The school received displacement funding from the ESFA to support additional necessary expenditure to open the new school, deliver summer activity programmes and make counselling and therapy services available for all staff, students and students' families.

The Board of Governors took the decision to return to the main school building in July 2018. During July and August, the school moved back home and re-opened for students on 5 September 2018.

The school was inspected by Ofsted in December 2017 and was rated 'Outstanding' in all categories.

In June 2018, the school was named TES Secondary School of the Year and received the Special Services to Education Award.

The recognition the school has received relates in part to the resilience staff and students have shown in maintaining high standards and results through a turbulent period. 2018 A Level results indicate our students perform a third of a grade better at A Level than those with the same GCSE results in other schools (this is one of the highest progress scores the UK). 62% of all results were A*- B (99% were graded A* – E) in 2018 and 47% of results were A*-B (99% A*-E) in 2019. In both years nearly half of all departing Y13 students have progressed to Russell Group universities (with three students to Oxford University). To achieve these results in an inner-city context (2/3 of all KAA students qualify for the Pupil Premium) is not straightforward, even without the difficulties of Grenfell. 2019 GCSE results were in many cases successful as well, although overall in line with national averages (P8 score 0.01 provisional, 34% 5+ EN MA/64% 5+ EN MA). We expect these to increase this coming year.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The key performance indicators reviewed at Governing Body meetings include Financial and Quality metrics. The Business Committee monitors income from the ESFA, budgets, forecasts, cash flow and capital expenditure. Financial KPIs form part of the monthly management accounts. Educational KPIs are monitored on an ongoing basis by the SLT and the Education Committee.

In December 2017, Ofsted conducted their first inspection of the school since opening in 2014 and judged the academy to be 'Outstanding' in all areas. Below is a summary of key findings:

"Leaders, governors and staff have the highest ambitions for pupils. Together, they have created a school where pupils are happy, safe and making excellent progress. What the school has achieved and sustained is remarkable".

"Senior leaders consistently review priorities, ensuring that subject leaders have the knowledge and skills to secure high standards in their own subjects. As a result, the quality of leadership at all levels is exceptional".

"Leaders have created a culture where the school's motto, 'Intrepidus' is at the heart of everything. It means to be bold, fearless and undaunted. In the words of a pupil, 'Intrepidus is a lifeline for us all, for our future lives'".

"Pupils live up to the school motto. They are hard-working, resilient and confident young people who are being fully prepared for life in modern Britain".

"Pupils' behaviour is excellent. They take great pride in their work and have highly positive attitudes to learning".

"Staff morale is exceptionally high. Staff enjoy working at the school and benefit from high quality training. Teachers new to the profession feel very well supported in settling into the school quickly and developing their practice".

"The curriculum is carefully designed and reflects the school's performing arts specialism. Leaders do their best to ensure that the option subjects at key stage 4 reflect pupils' aspirations".

"The teaching of the curriculum ensures that pupils develop a deep understanding of what they are learning. The sixth form is outstanding. Students make excellent progress overall, including the most able. Students are full of praise for the sixth form, including enrichment activities, work experience and careers advice".

"Pupils make outstanding progress in nearly all subjects. This is because teachers use their excellent subject knowledge to plan effectively to meet pupils' different needs and abilities".

"Teachers fully support pupils to develop the skills needed to be successful in their different subjects. Leaders have identified the need to improve outcomes further in design technology and computing science".

"Leadership of special educational needs (SEN) and/or disabilities, including of the resource base, is highly effective. Leaders monitor and support pupils' academic and emotional development fully. Leaders are aware of the need to improve training for supporting adults to ensure that there is consistently high-quality support for all pupils".

In June 2019 the school participated, at Ofsted's request, in a full pilot inspection of the new Ofsted framework (launched Sept 2019). We were one of only two schools in London selected for this and, whilst a pilot inspection does not generate an official report, the inspectors' findings were very strong and consistent with the official inspection in Dec 2018.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Governing Body 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.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 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 ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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 2019, all expenditure was authorised to enable the pupils to meet their targets, this includes support for our pupils in the Autism Unit and additional resources for our high level of SEN students. The total expenditure for the year was £11,502k (2018: £10,119k).

The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £855k (2018: income over expenditure £1,432k).

At 31 August 2019 the net book value of fixed assets was £40,138k (2018: £40,310k) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Royal Borough of Kensington and Chelsea Pension Fund, in which the Academy participates, showed a deficit of £989k (2018: £447k) at 31 August 2019, apportioned to the Academy.

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified. The Academy are looking to establish relevant reserves to ensure that we can maintain educational outcomes for pupils and the infrastructure if the Academy including the quality of our building and specialist equipment.

The Governors have determined that the appropriate level of unrestricted reserves should be equivalent to four week's expenditure, approximately £885k (2018: £778k). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, to provide for future capital investment and to provide for unexpected emergencies such as urgent maintenance. The Academy's current level of reserves is £95k (2018: £201k). The Academy will continually review their reserves on an annual basis.

The Academy held fund balances at 31 August 2019 of £40,637k (2018: £41,994k) comprising £40,542k of restricted funds (2018: £41,793k) and £95k of unrestricted funds (2018: £201k). Of the restricted funds £40,138k is represented by tangible fixed assets (2018: £40,310k).

The pension reserve which is considered part of restricted funds was £989k in deficit (2018: £447k).

Investment policy

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities, financial sustainability and other operational areas of the Academy. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas including quality of teaching, financial management, safeguarding, health and safety, and bullying. The Governors have introduced systems, including operational procedures and internal controls in order to minimise risk. Where significant risk still remains they have ensured they have adequate systems and processes in place to mitigate these including insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 13. The main risks identified by the governing body are noted below:

Funding changes & financial viability

The main risk identified is the future level of funding per pupil which is subject to change as part of the national funding formula review being undertaken by government.

Additional funding for recently announced teachers' pay rises and expected increases employers' pension contributions has not yet been confirmed although the school is committed to meeting all of its obligations in this regard.

KAA is preparing its strategic mid to long term financial plans anticipating lower funding levels and ensuring that additional income targets and spending plans are adjusted to reflect this and ensure the future viability of the school whilst continuing to deliver an outstanding programme of teaching and learning together with academic enrichment opportunities for all students.

Safeguarding of our students

KAA, its staff and Governors, are committed to safeguarding the welfare of our pupils and to providing a safe environment with robust systems to ensure the safety and healthy development of all our pupils within the academy and on related academy trips and other activities.

Everyone working in or for KAA shares the objective of helping to keep children and young people safe by ensuring that KAA provides an environment in which children and young people can learn and develop and identifying children and young people who are suffering or likely to suffer abuse and taking appropriate action with the aim of making sure that they are kept safe both at home and in school.

We recognise that some children may be especially vulnerable to abuse. We are committed to doing our best to identify such children and to working with the appropriate authorities to support and safeguard them. We are committed to providing all our pupils with a safe learning environment, free of bullying and other forms of harassment, and to teaching pupils to act safely in and outside Academy and on the internet. We will always take a considered and sensitive approach in order to support all our students.

Ofsted noted that:

“The arrangements for safeguarding are effective”.

“Leaders know pupils well and the risks posed by the surrounding community, for example in relation to gang affiliation, knife crime and radicalisation. They think carefully about how best to educate pupils in relation to these risks. An example of this is the school's education package on female genital mutilation. Leaders educate pupils in all year groups about female genital mutilation in a sensitive, yet purposeful, way. As a result, pupils learn how to keep themselves safe and manage risks to their welfare. Parents agree that their children are safe at school and well looked after”.

“Leaders have clear procedures for training staff and check that they have the knowledge to spot and report any concerns that they may have about a pupil. Leaders are quick to deal with these concerns, including following up promptly and where necessary with external agencies. A range of effective early help and counselling are used by the school to meet pupils' needs. Leaders' record-keeping of safeguarding concerns are fit for purpose”.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

“The challenges of helping pupils and staff manage the emotional and psychological consequences of the aftermath of the Grenfell Tower fire have been carefully managed. Counselling and therapeutic sessions for staff and pupils continue so as to ensure that effective support is provided”.

Our People

The success of the Academy is dependent not only on having a highly motivated student population but also on attracting and retaining outstanding teaching and support staff.

To do this, KAA invests extensively in Continuing Professional Development (CPD) for all of our staff through internal and external training, observations and feedback together with robust performance management and active governing body membership.

Ofsted inspectors remarked that “Teachers have excellent subject knowledge. They use it to plan carefully and select activities that enable pupils to think deeply about their learning. As a result, pupils have a thorough understanding of the topics they study and use sophisticated subject terminology when they talk about their work”.

Fundraising

The Academy Trust does not employ professional fundraisers to raise funds on its behalf. However, in November 2017, a group of the school's governors established the KAA Intrepidus Trust (KIT) which aims to broaden the horizons of KAA pupils by providing opportunities which equal the best that can be found anywhere in the country through the delivery of an ambitious programme of performing and creative arts, life skills, academic and sporting enrichments.

In May 2019 KIT held a major fundraising event which raised a significant amount. These funds will be invested in a KIT Endowment fund to provide long term support to KAA for enrichment and other areas which cannot be met from the school's core funding.

Plans for future periods

The Academy will continue striving to improve and develop its provision for students at all ages and will continue its efforts to ensure all students reach their full potential and achieve well above national expectations.

The principal strategic priorities for the academic year 2019/2020 are outlined below:

1. Ensure that pupil numbers continue to be at capacity to achieve maximum budget allocations.
2. Ensure that progress and attainment outcomes for all students in all Key Stages are outstanding.
3. Set clear and ambitious standards for Teaching and Learning to deliver 100% good or outstanding teaching.
4. Maintain and evolve our culture of enrichment.
5. Ensure that whole school attendance is in line with national expectations and maintain high expectations for behaviour.
6. Promote a safe environment for all staff and students with safeguarding and prevent strategies embedded effectively to support development.

KENSINGTON ALDRIDGE ACADEMY

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors 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.

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 09 December 2019 and signed on its behalf by:

M May

Chair of Governors

KENSINGTON ALDRIDGE ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Kensington Aldridge Academy 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 Governing Body 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 Kensington Aldridge Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governors	Meetings attended	Out of possible
M May (Chair of Governors)	4	4
L Abbott (Resigned 1 October 2018)	0	0
Sir R Aldridge	4	4
A Balon	2	4
D Benson (Accounting Officer)	4	4
N Boujettef (Appointed 7 March 2019)	2	2
J Brown	3	4
Sir M Cockell (RBKC Co-Sponsor)	2	4
D Hadley (Chair Education Committee)	4	4
S Harrison (Appointed 27 September 2018)	4	4
L Morris	3	4
R Oyewole (Appointed 27 September 2018)	0	4
M Paulson (Chair Business Committee)	4	4
S Smith (Appointed 27 September 2018)	3	4
J Weerasinghe (Appointed 7 March 2019 and resigned 26 September 2019)	2	2
Cllr E Will (RBKC Co-Sponsor)	1	4

During the year the Full Governing Body met four times. The Governing Body also delegates responsibilities to two committees: Education Committee and Business Committee, who are able to look in details at specific areas of the Academy's operations and report back to full Governors if required. Governors also have an annual strategy day. For this reason The Governing Body do not feel they need to meet for the recommended six times per year.

The Business Committee is a sub-committee of the main Governing Body. Its purpose is to:

- Receive and review three year financial plans together with in-year budgets and forecasts
- Receive and review monthly management accounts and key financial performance indicators
- Receive and review statutory financial accounts
- Receive and review internal and external audit report

KENSINGTON ALDRIDGE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Sir R Aldridge	3	3
A Balon	3	3
D Benson (Accounting Officer)	3	3
J Brown	3	3
Sir M Cockell (RBKC Co-Sponsor)	2	3
M Paulson (Chair Business Committee)	3	3

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 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 when appropriate.

The accounting officer for the academy trust has delivered improved value for money during the year by:

- Negotiating discounts with regular suppliers
- Utilisation of partnerships through shared training and resources
- Tight budget control for all budget holders.

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 Kensington Aldridge Academy for the period 1 September 2018 to 31 August 2019 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 trust 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 trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

KENSINGTON ALDRIDGE ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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:

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Business 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 guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governors have previously utilised expertise available from the Academy's Lead Sponsor, Aldridge Education, to conduct an audit of financial systems and processes.

During the year an initial review of financial systems and controls was carried out using expertise from the Academy's Lead Sponsor, Aldridge Education. Governors intend to commission further reviews of specific areas of financial operations during 2019-20. In addition, the school was subject to a review by an ESFA appointed School Resource Management Adviser.

No significant issues were highlighted during the internal audit visit during the year.

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 lead sponsor;
- the work of the external auditor;
- 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 Business Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Governing Body on 09 December 2019 and signed on its behalf by:

M May
Chair of Governors

D Benson
Accounting Officer

KENSINGTON ALDRIDGE ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2019*

As accounting officer of Kensington Aldridge Academy I have considered my responsibility to notify the Academy trust Governing Body 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 2018.

I confirm that I and the Academy trust's Governing Body 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 2018.

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 Governing Body and ESFA.

D Benson
Accounting Officer

09 December 2019

KENSINGTON ALDRIDGE ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The Governors (who act as trustees for Kensington Aldridge Academy and are also the directors of Kensington Aldridge Academy for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 published 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 in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 that 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 Governing Body on 09 December 2019 and signed on its behalf by:

M May
Chair of Governors

KENSINGTON ALDRIDGE ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENSINGTON ALDRIDGE ACADEMY

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the financial statements of Kensington Aldridge Academy for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 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 financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

KENSINGTON ALDRIDGE ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENSINGTON ALDRIDGE ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 Governors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' report including the incorporated strategic report have 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 Governors' 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 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 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 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 Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements 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.

KENSINGTON ALDRIDGE ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENSINGTON ALDRIDGE ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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.

**Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services**

13 December 2019

Statutory Auditor

5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

KENSINGTON ALDRIDGE ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KENSINGTON ALDRIDGE ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 11 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kensington Aldridge Academy during the period 1 September 2018 to 31 August 2019 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 Kensington Aldridge Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kensington Aldridge Academy 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 Kensington Aldridge Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kensington Aldridge Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kensington Aldridge Academy's funding agreement with the Secretary of State for Education dated 30 August 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

KENSINGTON ALDRIDGE ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KENSINGTON ALDRIDGE ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy Audit Services
5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
TN23 1FB

Dated: 13 December 2019

KENSINGTON ALDRIDGE ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000's	Restricted funds: General £'000's	Fixed asset £'000's	Total 2019 £'000's	Total 2018 £'000's
Income and endowments from:						
Donations and capital grants	4	35	173	129	337	159
Charitable activities:						
- Funding for educational operations	5	-	9,133	-	9,133	7,654
Other trading activities	6	406	524	-	930	3,368
Investments	7	7	-	-	7	1
Total		<u>448</u>	<u>9,830</u>	<u>129</u>	<u>10,407</u>	<u>11,182</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	467	10,666	369	11,502	10,119
Total	8	<u>467</u>	<u>10,666</u>	<u>369</u>	<u>11,502</u>	<u>10,119</u>
Net income/(expenditure)		(19)	(836)	(240)	(1,095)	1,063
Transfers between funds	17	(87)	19	68	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(262)	-	(262)	253
Net movement in funds		<u>(106)</u>	<u>(1,079)</u>	<u>(172)</u>	<u>(1,357)</u>	<u>1,316</u>
Reconciliation of funds						
Total funds brought forward		201	1,483	40,310	41,994	40,678
Total funds carried forward		<u>95</u>	<u>404</u>	<u>40,138</u>	<u>40,637</u>	<u>41,994</u>

KENSINGTON ALDRIDGE ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £'000's	Restricted funds: General	Fixed asset £'000's	Total 2018 £'000's
Income and endowments from:					
Donations and capital grants	4	30	114	15	159
Charitable activities:					
- Funding for educational operations	5	-	7,654	-	7,654
Other trading activities	6	208	3,160	-	3,368
Investments	7	1	-	-	1
Total		<u>239</u>	<u>10,928</u>	<u>15</u>	<u>11,182</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	342	9,392	385	10,119
Total	8	<u>342</u>	<u>9,392</u>	<u>385</u>	<u>10,119</u>
Net income/(expenditure)		(103)	1,536	(370)	1,063
Transfers between funds	17	-	(348)	348	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	253	-	253
Net movement in funds		(103)	1,441	(22)	1,316
Reconciliation of funds					
Total funds brought forward		304	42	40,332	40,678
Total funds carried forward		<u>201</u>	<u>1,483</u>	<u>40,310</u>	<u>41,994</u>

KENSINGTON ALDRIDGE ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000's	£'000's	£'000's	£'000's
Fixed assets					
Tangible assets	13		40,138		40,310
Current assets					
Debtors	14	843		1,212	
Cash at bank and in hand		1,484		2,645	
		<u>2,327</u>		<u>3,857</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(839)		(1,726)	
Net current assets			<u>1,488</u>		<u>2,131</u>
Net assets excluding pension liability			41,626		42,441
Defined benefit pension scheme liability	19		(989)		(447)
Total net assets			<u>40,637</u>		<u>41,994</u>
Funds of the Academy trust:					
Restricted funds	17				
- Fixed asset funds			40,138		40,310
- Restricted income funds			1,393		1,930
- Pension reserve			(989)		(447)
Total restricted funds			<u>40,542</u>		<u>41,793</u>
Unrestricted income funds	17		<u>95</u>		<u>201</u>
Total funds			<u>40,637</u>		<u>41,994</u>

The financial statements on pages 22 to 45 were approved by the Governors and authorised for issue on 09 December 2019 and are signed on their behalf by:

M May
Chair of Governors

Company Number 07702460

KENSINGTON ALDRIDGE ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018	
	Notes	£'000's	£'000's	£'000's	£'000's
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	20		(1,100)		2,032
Cash flows from investing activities					
Dividends, interest and rents from investments		7		1	
Capital grants from DfE Group		129		15	
Purchase of tangible fixed assets		(197)		(363)	
Net cash used in investing activities			(61)		(347)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(1,161)		1,685
Cash and cash equivalents at beginning of the year			2,645		960
Cash and cash equivalents at end of the year			1,484		2,645

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Kensington Aldridge Academy is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' report.

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 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 financial statements 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kensington Aldridge Academy meets the definition of a public benefit entity under FRS 102.

1.2 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 charitable company 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.

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.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

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

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.

Transfer of lease

On 1 September 2014 the Local Authority gifted the school buildings to the Academy Trust with a 125 year long term lease. The properties have been professionally valued as at 1 September 2014, the date of transfer. The valuation is underpinned by SORP 2005 and has adopted the Depreciated Replacement Cost (DRC) for specialist property and the land uses the market value. As the buildings are of a specialist nature then a Depreciated Replacement Cost method has been used to calculate the fair value of the buildings.

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.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Individual assets or a group of assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	Land not depreciated; buildings 2%
Computer equipment	33%
Fixtures, fittings & equipment	25%

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.

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 payable under operating leases are charged against income on a straight line basis over the period of the lease.

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.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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 so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

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.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

LGPS

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 2019. 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

There are no critical areas of judgement.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy trust has not exceeded these limits during the year ended 31 August 2019.

4 Donations and capital grants

	Unrestricted funds £'000's	Restricted funds £'000's	Total 2019 £'000's	Total 2018 £'000's
Capital grants	-	129	129	15
Other donations	35	173	208	144
	<u>35</u>	<u>302</u>	<u>337</u>	<u>159</u>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

5 Funding for the Academy trust's educational operations

	Unrestricted funds £'000's	Restricted funds £'000's	Total 2019 £'000's	Total 2018 £'000's
DfE / ESFA grants				
General annual grant (GAG)	-	7,251	7,251	6,034
Start up grants	-	-	-	121
Other DfE group grants	-	1,302	1,302	927
	<u>-</u>	<u>8,553</u>	<u>8,553</u>	<u>7,082</u>
Other government grants				
Local authority grants	-	562	562	560
	<u>-</u>	<u>562</u>	<u>562</u>	<u>560</u>
Other funding				
Other incoming resources	-	18	18	12
	<u>-</u>	<u>18</u>	<u>18</u>	<u>12</u>
Total funding	<u>-</u>	<u>9,133</u>	<u>9,133</u>	<u>7,654</u>

6 Other trading activities

	Unrestricted funds £'000's	Restricted funds £'000's	Total 2019 £'000's	Total 2018 £'000's
Hire of facilities	81	-	81	3
Catering income	222	-	222	147
Music tuition	15	-	15	12
Parental contributions	24	-	24	35
Insurance contributions	-	524	524	3,160
Other income	64	-	64	11
	<u>406</u>	<u>524</u>	<u>930</u>	<u>3,368</u>

7 Investment income

	Unrestricted funds £'000's	Restricted funds £'000's	Total 2019 £'000's	Total 2018 £'000's
Short term deposits	7	-	7	1
	<u>7</u>	<u>-</u>	<u>7</u>	<u>1</u>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

8 Expenditure

	Staff costs £'000's	Non Pay Expenditure Premises £'000's	Other £'000's	Total 2019 £'000's	Total 2018 £'000's
Academy's educational operations					
- Direct costs	6,069	204	909	7,182	6,225
- Allocated support costs	1,639	1,986	695	4,320	3,894
	<u>7,708</u>	<u>2,190</u>	<u>1,604</u>	<u>11,502</u>	<u>10,119</u>

Net income/(expenditure) for the year includes:

	2019 £'000's	2018 £'000's
Fees payable to auditor for:		
- Audit	10	9
- Other services	4	1
Depreciation of tangible fixed assets	369	385
Net interest on defined benefit pension liability	9	10
	<u> </u>	<u> </u>

9 Charitable activities

	Unrestricted funds £'000's	Restricted funds £'000's	Total 2019 £'000's	Total 2018 £'000's
Direct costs				
Educational operations	-	7,182	7,182	6,225
Support costs				
Educational operations	467	3,853	4,320	3,894
	<u>467</u>	<u>11,035</u>	<u>11,502</u>	<u>10,119</u>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities (Continued)

	2019 £'000's	2018 £'000's
Analysis of support costs		
Support staff costs	1,713	1,501
Depreciation	165	188
Premises costs	1,821	1,491
Other support costs	607	703
Governance costs	14	11
	<u>4,320</u>	<u>3,894</u>

10 Staff

Staff costs

Staff costs during the year were:

	2019 £'000's	2018 £'000's
Wages and salaries	5,909	4,892
Social security costs	611	509
Pension costs	993	783
	<u>7,513</u>	<u>6,184</u>
Amounts paid to employees	7,513	6,184
Agency staff costs	176	193
Staff restructuring costs	19	-
	<u>7,708</u>	<u>6,377</u>
Amounts paid to staff	7,708	6,377
Staff development and other staff costs	175	267
	<u>7,883</u>	<u>6,644</u>

Staff restructuring costs comprise:

Redundancy payments	<u>19</u>	<u>-</u>
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KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

(Continued)

Staff numbers

The average number of persons, by headcount, employed by the Academy trust during the year was as follows:

	2019	2018
	Number	Number
Teachers	96	75
Administration and support	70	63
Management	10	10
	<u>176</u>	<u>148</u>

Higher paid staff

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

	2019	2018
	Number	Number
£60,001 - £70,000	4	2
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£140,001 - £150,000	1	1
	<u>8</u>	<u>6</u>

Key management personnel

The key management personnel of the Academy trust comprise the Governors 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 £991k (2018: £952k).

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

11 Governors' remuneration and expenses

The Principal only receives remuneration in respect of services he provides undertaking his role of Principal and not in respect of his services as governor. Other Governors did not receive any payments, other than expenses, from the academy trust in respect of their role as Governors. During the year, travel and subsistence payments totalling £1,215 (2018: £1,075) were reimbursed to 1 Governor, the Principal (2018: 1 Governor, the Principal).

The value of Governors' remuneration, including pension contributions, was as follows:

D Benson (Principal):

- Remuneration £145,000 - £150,000 (2018: £145,001 - £150,000)
- Employer's pension contributions £10,000 - £15,000 (2018: £Nil)

L Abbott (Staff governor - resigned 1 October 2018):

- Remuneration £0 - £5,000 (2018: £35,001 - £40,000)
- Employer's pension contributions £0 - £5,000 (2018: £5,001 - £10,000)

R Oyewole (Staff governor - Appointed 27 September 2018):

- Remuneration £10,000 - £15,000 (2018: £Nil)
- Employer's pension contributions £Nil - £5,000 (2018: £Nil)

Other related party transactions involving the Governors are set out within the related parties note.

12 Governors and officers insurance

In accordance with normal commercial practice, the Academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy trust business. The insurance provides cover up to £1m on any one claim and the cost for the year ended 31 August 2019 was £536 (2018: £536).

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000's	£'000's	£'000's	£'000's
Cost				
At 1 September 2018	40,827	1,290	271	42,388
Additions	108	55	34	197
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	40,935	1,345	305	42,585
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2018	782	1,098	198	2,078
Charge for the year	204	130	35	369
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	986	1,228	233	2,447
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2019	39,949	117	72	40,138
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	40,045	192	73	40,310
	<hr/>	<hr/>	<hr/>	<hr/>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

13 Tangible fixed assets

(Continued)

Land and building additions in the year relate to the refurbishment and layout changes to the reception area and the new PKL Food Cube.

14 Debtors

	2019 £'000's	2018 £'000's
Trade debtors	91	200
VAT recoverable	208	168
Other debtors	5	-
Prepayments and accrued income	539	844
	<u>843</u>	<u>1,212</u>

15 Creditors: amounts falling due within one year

	2019 £'000's	2018 £'000's
Trade creditors	316	725
Other taxation and social security	158	141
Other creditors	94	272
Accruals and deferred income	271	588
	<u>839</u>	<u>1,726</u>

16 Deferred income

	2019 £'000's	2018 £'000's
Deferred income is included within:		
Creditors due within one year	101	84
	<u>101</u>	<u>84</u>
Deferred income at 1 September 2018	84	51
Released from previous years	(84)	(51)
Resources deferred in the year	101	84
	<u>101</u>	<u>84</u>
Deferred income at 31 August 2019	<u>101</u>	<u>84</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips, and unused donations.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £'000's	Income £'000's	Expenditure £'000's	Gains, losses and transfers £'000's	Balance at 31 August 2019 £'000's
Restricted general funds					
General Annual Grant (GAG)	59	7,251	(7,323)	13	-
Other DfE / ESFA grants	55	1,302	(1,229)	(63)	65
Other government grants	66	562	(628)	-	-
Other restricted funds	1,750	715	(1,206)	69	1,328
Pension reserve	(447)	-	(280)	(262)	(989)
	<u>1,483</u>	<u>9,830</u>	<u>(10,666)</u>	<u>(243)</u>	<u>404</u>
Restricted fixed asset funds					
DfE group capital grants	-	129	-	(129)	-
Fixed asset fund	40,310	-	(369)	197	40,138
	<u>40,310</u>	<u>129</u>	<u>(369)</u>	<u>68</u>	<u>40,138</u>
Total restricted funds	<u>41,793</u>	<u>9,959</u>	<u>(11,035)</u>	<u>(175)</u>	<u>40,542</u>
Unrestricted funds					
General funds	201	448	(467)	(87)	95
	<u>201</u>	<u>448</u>	<u>(467)</u>	<u>(87)</u>	<u>95</u>
Total funds	<u>41,994</u>	<u>10,407</u>	<u>(11,502)</u>	<u>(262)</u>	<u>40,637</u>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

General Annual Grant

Income received from the ESFA to cover the normal running costs of the Academy Trust.

Start up grant

Funding to assist the setting up of the Academy Trust.

Other DFE/ESFA grants

This includes the pupil premium, sports funding, the devolved formula capital grant, teachers pay grant, and capital improvement grant funding for revenue expenditure.

Other Restricted Funds

This includes income of £223k from the academy's insurers, Zurich, representing business interruption funding and damage repair claims (2018: £3,160k). The academy will return any excess funds to the Department for Education in part consideration for the provision of our temporary school in Scrubs Lane, London W12.

Other government grants

This includes the SEN funding, additional pupil premium and additional funding received from the Local Authority.

Other grants

Other grants funds include grant from The Aldridge Foundation and other charitable organisations to assist with refurbishment and improvement projects.

Transfer between funds

Transfers between funds represents the purchase of capital assets from GAG funding, the release of devolved capital funding and the under funding of educational activities.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

	Balance at 1 September 2017 £'000's	Income £'000's	Expenditure £'000's	Gains, losses and transfers £'000's	Balance at 31 August 2018 £'000's
Restricted general funds					
General Annual Grant (GAG)	106	6,034	(5,868)	(213)	59
Start up grants	-	121	(121)	-	-
Other DfE / ESFA grants	384	927	(1,256)	-	55
Other government grants	-	560	(494)	-	66
Other restricted funds	-	3,286	(1,401)	(135)	1,750
Pension reserve	(448)	-	(252)	253	(447)
	<u>42</u>	<u>10,928</u>	<u>(9,392)</u>	<u>(95)</u>	<u>1,483</u>
Restricted fixed asset funds					
DfE group capital grants	-	15	-	(15)	-
Fixed asset fund	40,332	-	(385)	363	40,310
	<u>40,332</u>	<u>15</u>	<u>(385)</u>	<u>348</u>	<u>40,310</u>
Total restricted funds	<u>40,374</u>	<u>10,943</u>	<u>(9,777)</u>	<u>253</u>	<u>41,793</u>
Unrestricted funds					
General funds	304	239	(342)	-	201
	<u>304</u>	<u>239</u>	<u>(342)</u>	<u>-</u>	<u>201</u>
Total funds	<u>40,678</u>	<u>11,182</u>	<u>(10,119)</u>	<u>253</u>	<u>41,994</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000's	Restricted funds: General £'000's	Fixed asset £'000's	Total Funds £'000's
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	40,138	40,138
Current assets	934	1,393	-	2,327
Creditors falling due within one year	(839)	-	-	(839)
Defined benefit pension liability	-	(989)	-	(989)
	<u>95</u>	<u>404</u>	<u>40,138</u>	<u>40,637</u>
Total net assets	<u>95</u>	<u>404</u>	<u>40,138</u>	<u>40,637</u>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

(Continued)

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£'000's	£'000's	£'000's	£'000's
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	40,310	40,310
Current assets	1,927	1,930	-	3,857
Creditors falling due within one year	(1,726)	-	-	(1,726)
Defined benefit pension liability	-	(447)	-	(447)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	201	1,483	40,310	41,994
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 Royal Borough of Kensington and Chelsea. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 £94k (2018: £74k) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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.

The pension costs paid to the TPS in the period amounted to £566k (2018: £435k).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 17% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £179k (2018: £131k).

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	2019 £'000's	2018 £'000's
Employer's contributions	171	121
Employees' contributions	69	50
Total contributions	240	171

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.65	3.8
Rate of increase for pensions in payment/inflation	2.15	2.3
Discount rate for scheme liabilities	1.90	2.7
Inflation assumption (CPI)	2.15	2.3

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

	2019 Years	2018 Years
Retiring today		
- Males	23.4	24.5
- Females	24.8	26.1
Retiring in 20 years		
- Males	25.1	26.8
- Females	26.7	28.5

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

	2019 £000s	2018 £000s
Discount rate + 0.1%	-69	-39
Discount rate - 0.1%	+72	+40
Mortality assumption + 1 year	+69	+35
Mortality assumption - 1 year	-67	-34
CPI rate + 0.1%	+1	+0
CPI rate - 0.1%	-1	-0
Pension increases + 0.1%	+71	+40
Pension increases - 0.1%	-69	-39

Defined benefit pension scheme net liability

Scheme assets	962	643
Scheme obligations	(1,951)	(1,090)
Net liability	(989)	(447)

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

The Academy trust's share of the assets in the scheme	2019 Fair value £'000's	2018 Fair value £'000's
Equities	707	516
Cash	3	9
Absolute return portfolio	81	56
Property	34	24
Other assets	137	38
	<hr/>	<hr/>
Total market value of assets	962	643
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £71,000 (2018: £44,000).

Amount recognised in the Statement of Financial Activities	2019 £'000's	2018 £'000's
Current service cost	405	363
Past service cost	37	-
Interest income	(21)	(13)
Interest cost	30	23
	<hr/>	<hr/>
Total operating charge	451	373
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of defined benefit obligations	2019 £'000's	2018 £'000's
At 1 September 2018	1,090	876
Current service cost	405	363
Interest cost	30	23
Employee contributions	69	50
Actuarial loss/(gain)	312	(222)
Benefits paid	8	-
Past service cost	37	-
	<hr/>	<hr/>
At 31 August 2019	1,951	1,090
	<hr/> <hr/>	<hr/> <hr/>

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations (Continued)

Changes in the fair value of the Academy trust's share of scheme assets

	2019 £'000's	2018 £'000's
At 1 September 2018	643	428
Interest income	21	13
Actuarial gain	50	31
Employer contributions	171	121
Employee contributions	69	50
Benefits paid	8	-
	<u>962</u>	<u>643</u>
At 31 August 2019	<u>962</u>	<u>643</u>

20 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £'000's	2018 £'000's
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(1,095)	1,063
Adjusted for:		
Capital grants from DfE and other capital income	(129)	(15)
Investment income receivable	(7)	(1)
Defined benefit pension costs less contributions payable	271	242
Defined benefit pension scheme finance cost	9	10
Depreciation of tangible fixed assets	369	385
Decrease/(increase) in debtors	369	(855)
(Decrease)/increase in creditors	(887)	1,203
	<u>(1,100)</u>	<u>2,032</u>
Net cash (used in)/provided by operating activities	<u>(1,100)</u>	<u>2,032</u>

21 Capital commitments

	2019 £'000's	2018 £'000's
Expenditure contracted for but not provided in the financial statements	61	15
	<u>61</u>	<u>15</u>

The capital commitment relates to work on replacement balustrades and electrical work.

KENSINGTON ALDRIDGE ACADEMY

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

22 Related party transactions

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

In entering into these transactions, the Academy trust has complied with the requirements of the Academies Financial Handbook 2018.

Expenditure related party transactions

1 staff (2018: 1 staff), is employed by the academy trust who are connected to the governors. Their appointment was made in open competition. In one case the employment commenced before the connected party became a governor and in the other the connected party governor was not involved in the decision making process regarding appointment. They are paid within the normal pay scale for their roles and receive no special treatment as a result of their relationship to a governor.

Aldridge Education

Sir R Aldridge is a trustee of Aldridge Education.

During the year Aldridge Education have provided support services to the academy as the academy sponsor. During the financial year Kensington Aldridge Academy paid £109,074 (2018: £92,663) to Aldridge Education and received £72,936 from them. At 31 August 2019 Aldridge Education were owed £9,090 (2018: £17,687) by Kensington Aldridge Academy and owed them £40,000 (2018: £Nil).

Income related party transactions

KAA Intrepidus Trust

During the year KAA Intrepidus Trust, a charity in which L Morris, J Brown and A Balon are trustees', granted Kensington Aldridge Academy funds amounting to £150,082 (2018: £41,550) for enrichment and educational support for KAA students.

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.