

Peterborough Keys Academies Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Five Months ended 31 August 2018

Company Registration Number:
11108321 (England and Wales)



**PETERBOROUGH KEYS
ACADEMIES TRUST**

Unlocking Potential

Peterborough Keys Academies Trust

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Peterborough Keys Academies Trust

Reference and Administrative Details



Members	Richard Astle
All appointed 12 December 2017 on incorporation, except C Higgins	Roy Duncan
	Matthew Edwards
	Claire Higgins (appointed 16 October 2018)
	Penelope Walkinshaw
Trustees	Claire Higgins (Chair)
All appointed 12 December 2017 on incorporation	Bernard Champness
	Michael Fish (resigned 02 November 2018)
	Colin Hammond
	Tracey Hedges
	William Kerry
	Lisa Lloyd
	Adriano Pacitti
	Alan Sadler
	Amir Suleman (resigned 25 September 2018)
Company Secretary	Joanne Rotondo (appointed 16 April 2018, resigned 06 July 2018)
	Emma Stephens-Dunn (appointed 01 July 2018)
Leadership Group	
Chief Executive Officer & Accounting Officer	Pamela Kilbey
Primary School Lead	Martin Fry
Headteacher	Katharine Fountain
Headteacher	Ryan McLay
Headteacher	Katherine Trethewy
Chief Operating Officer	Matthew Deere
Chief Finance Officer	Deborah Keith
Company Name	Peterborough Keys Academies Trust
Principal and Registered Office	Jack Hunt School, Bradwell Road Peterborough, PE3 9PY
Independent Auditor	Moore Stephens, Rutland House Minerva Business Park, Lynch Wood Peterborough, PE2 6PZ
Bankers	Lloyds Bank plc, Fenlands House Manorgrove Centre, Vicarage Farm Road Peterborough, PE1 5UH
Solicitors	Greenwoods GRM LLP, Monkstone House 30 City Road, Peterborough, PE1 1JE

Peterborough Keys Academies Trust

Trustees' Report



The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 12 December 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Peterborough Keys Academies Trust (PKAT) was incorporated on 12 December 2017 and commenced trading 01 April 2018 in line with the Funding Agreement.

The academy trust operates one secondary and four primary academies in Peterborough. Its academies have a combined aggregated Published Admission Number of 3,610 and had a roll of 3,436 in the school census on 04 October 2018.

The academy trust has been operating for only five months in the financial year 2017/18. Within those five months nine weeks have been school holidays during which time only a tiny percentage of the staff are contracted to work. Therefore, although rigorously, planned for, the set up and implementation of new ways of working necessitated by conversion are very much in their infancy. The 2018/19 report will provide a better reflection of PKAT's operations and what it is achieving.

A trading company was incorporated on 4 September 2018 to allow PKAT to focus on the directly related educational activities. The new company will consequently be consolidated in the 2018/19 accounts.

Structure, Governance and Management

Constitution

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

Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Trustees' Indemnities

PKAT has purchased insurance to indemnify the trustees to the value of £5,000,000 and in the case of Pollution Defence Costs £500,000.

Peterborough Keys Academies Trust

Trustees' Report (continued)



Method of Recruitment and Appointment or Election of Trustees

There will be a minimum of three Trustees and a maximum of 12 excluding the Chief Executive Officer, Parent Trustees and Co-opted Trustees.

The first Trustees were those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act.

Future Trustees will be appointed by Members, ensuring that the total number of Trustees who are also employees, including if the CEO if appointed in the future as a Trustee, of PKAT shall not exceed one third of the total number of Trustees.

As PKAT academies have established Local Governing Bodies specific Parent Trustees are not currently required. If Local Governing Bodies ceased to exist, then a minimum of 2 Parent Trustees would be elected.

If the Chief Executive Officer agrees to so act, the Members may by ordinary resolution appoint the Chief Executive Officer as a Trustee. The Chief Executive Officer is currently an Ex-officio Trustee.

Policies and Procedures Adopted for the Induction and Training of Trustees

The consultant appointed to lead the conversion process conducted a skills audit of existing Local Governing Body Governors to assess edibility to become a Trustee. Once appointed Trustees were given training by the Local Authority which was co-ordinated by the secondary school's experienced Clerk to the Governors.

Since conversion a PKAT Company Secretary has been appointed with responsibilities including the co-ordination of the induction of Trustees and their on-going induction and maintaining training records for all Members, Trustees and Governors.

Organisational Structure

A Scheme of delegation is in place. In line with DfE guidance PKAT has a structure of Members and Trustees. The Trustees have two sub-committees being Finance and Audit and People and Infrastructure. A Governance Planner was created in May including a schedule of meetings to July 2019 for the main Trust Board, the two Committees and Local Governing Bodies with agenda items schedule to meet external deadlines and Trust priorities. The Trust Board, both Committees and the Local Governing Bodies have appropriate Terms of Reference which are reviewed at least annually.

A PKAT Leadership Group has been established to co-ordinate the PKAT schools. The detail of non-teaching aspects is co-ordinated through a Finance and Business Managers Group, which was established in May 2017 initially to deal with conversion but has continued as a productive format for collaboration. Each school has a Senior Leadership Team.

Peterborough Keys Academies Trust

Trustees' Report (continued)



Arrangements for setting pay and remuneration of key management personnel

A PKAT Pay Policy document sets out the precise details of remuneration for all PKAT staff is determined. In broad terms, teaching staff are remunerated in line with the School Teachers Pay and Conditions Document and Support Staff in line with the National Joint Council.

The PKAT Pay Policy sets out the pay ranges for the Trust Executive and the calculations for individual school Headteacher pay ranges. Within these parameters three Trustees performance manager the Chief Executive Officer. The Chief Executive Officer performance manages the Chief Operating Officer and Primary School Lead. The Chief Finance Officer is performance managed by the Chief Operating Officer. Local Governing Bodies performance manage Headteachers. The Chief Executive Officer takes recommendations for other Trust Executives.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.2

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£10k
Provide the total pay bill	£6.121m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.16%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	75%
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Peterborough Keys Academies Trust

Trustees' Report (continued)



Related Parties and other Connected Charities and Organisations

Jack Hunt School Community Learning Trust provides an official umbrella for collaboration between its participant schools, which includes all of the PKAT schools, to work on school improvement initiatives and provide high quality training for teaching staff that would otherwise be unaffordable. Anglian Water and Anglian Ruskin University have representatives on the management committee providing alternative perspectives to the school environment. The Trust complements the PKAT organisation but has no jurisdiction over PKAT's operating policies.

There are no connected charities to disclose.

Objectives and Activities

The PKAT Goals

- Striving to unlock children's potential and passion to succeed in their school career and beyond.
- Building together strong foundations to acquire the key skills for life-long learning; and the resilience and courage to apply them.
- Designing and delivering an innovative and stimulating 4-19 curriculum.
- Challenging, supporting and investing in our staff to create an outstanding workforce.
- Creating an inclusive learning community where safeguarding, well-being, respect and aspiration for all are paramount.

The PKAT Principles

1) Leadership

All young people and adults make a positive and exciting contribution to the life of the school and local community through the development of leadership skills.

2) Relationships

Being different, belonging together.

3) Responsibility

Responsibility we have for ourselves and each other and for making a positive impact in our school, the local community and as a global citizen.

4) Courage/Resilience/Determination

Having the courage and resilience to take risks with our learning to achieve beyond our expectations, and having the determination to succeed.

5) Dreams and Aspiration

Broadening the awareness of opportunity for all young people, enriching their experiences and supporting their pathways to their dreams and aspirations.

6) Pursuit of Excellence and Celebrating Success

Relentlessly pursuing school improvement, challenging and supporting regardless of starting points and celebrating individual success, achievement and progress within the school and the wider community.

Peterborough Keys Academies Trust

Trustees' Report (continued)

Objects and Aims

The PKAT Articles of Association set out its objects as:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies");
- to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

To support the objects PKAT's aims are to provide:

- Personalised learning leading to enjoyment, success and achievement for all.
- A safe, healthy, orderly, sustainable and cohesive school community.
- Effective engagement with our learners, parents, local communities and partners.
- A positive, proactive approach to innovation and continuous improvement for all.

These aims are under-pinned by the PKAT principles.

Objectives, Strategies and Activities

For the five months covered by this report, the main objective was to ensure that the establishment of PKAT did not detract from the teaching and learning of its students. Whilst a vast amount of effort was put into ensuring PKAT was compliant with all aspects of the regulations placed upon academies it was vitally important that students and staff were able to conduct the activities to achieve not only the objects stated above but to meet their respective school plans for the full 2017/18 academic year, which were operational for seven months before PKAT commenced.

PKAT schools endeavour to offer a broad and balanced curriculum that is reviewed annually by Local Governing Bodies to ensure that the curriculum is fit for purpose and meets the needs of the students.

Peterborough Keys Academies Trust

Trustees' Report (continued)

PKAT is extremely proud of its students and committed to meeting their needs. The well-qualified and dedicated teaching and support staff have high aspirations for, and high expectations of, every single student. PKAT want its students to be well-rounded, confident, caring young people with leadership skills, who are motivated to achieve their best; are fully involved in the school, local and global community and leave PKAT as life-long learners equipped to build on their success and contribute positively to PKAT's future.

Public benefit

PKAT Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission, in exercising their powers or duties.

In addition to providing free statutory education, hosting Physically Impaired and Hearing Impaired Hubs to integrate students, PKAT schools support the inhabitants of their local communities by being available for them to use during weekday evenings and weekend mornings. This opportunity is taken up by a range of clubs and societies such as a Chinese School, Latvian School, basketball league, netball league, ballet school, badminton, tae kwon do, football, deaf football, the Faith in Christ Church, cricket, guitar lessons, Scouts, Brownies and Guides Gang Show preparation, U3A and hosting the Vivacity holiday clubs for a wide range of children across Peterborough. Jack Hunt School always supports Pakistani Heritage community events, Police and local residents' events.

PKAT strives to shape tomorrow's citizens for example at Jack Hunt School within the curriculum Religious Education (RE), Personal Development Education (PDE) and the school's 'lesson 5' tutor programme focuses on ensuring that diversity and community cohesion are celebrated and reinforced. These topics are also central to the regular school assemblies. The 2017 short Ofsted inspection states that community links are strong within the school and the curriculum is essential within this. RE and PDE are delivered through weekly lessons at Key Stage 3 and fortnightly at Key Stage 4. The sixth form curriculum also includes weekly PDE sessions.

A Higher Education Champion is based in Jack Hunt School, a programme to support first generation students entering Higher Education; visiting speakers from a range of professions; a bespoke programme to link our students with experts in the field; a two-week work experience programme for all Year 10 students; leadership lessons for all Year 9 students and the opportunities to be involved in National Citizen Service, Duke of Edinburgh Award Scheme, and Sports Leaders Award ensure the wider curriculum offer prepares students for University and other Level 3 options as well as developing their employability skills.

Strategic Report

Achievements and Performance

When PKAT was formed two of the founding schools, Middleton and Thorpe, were sponsored schools. The Key Performance Indicators below demonstrate that the individualised School Improvement Plans and support from other schools within PKAT have produced Key Stage 2 results that do not have the sponsored schools reducing PKAT's achievement data by being below the other schools in all instances.

Peterborough Keys Academies Trust

Trustees' Report (continued)



Middleton Primary School has been selected as a flagship school for the Success For All programme.

A specialist data analyst has been contracted to interpret data available to help the focus the resources available where they are required to make the biggest impact.

Jack Hunt School's most recent Ofsted inspection was in January 2017 where the short inspection upheld the previous rating of Good from a full inspection. Notable points were as follows:

- The Ofsted inspection in 2013 commented: The range of subjects on offer is broad, balanced and well organised. Lessons offer good learning opportunities on different pathways for all students, including new arrivals and disabled students and those who have special educational needs. Subjects are enriched by extended activities beyond the school day. The school is currently looking at ways to add challenge to the range of activities on offer.
- The short inspection in 2017 reinforces this with: Pupils from a diverse range of social and cultural backgrounds work together in harmony, engage fully in the wide range of opportunities provided for them, and achieve well. A wealth of clubs, activities, school trips and volunteering to help others enriches pupils' lives and broadens their understanding of the wider world. Sport, music and the arts are popular with pupils.

Longthorpe Primary School's most recent Ofsted inspection was in December 2013 when it was rated as Good. The current Headteacher was not in post at the time of this inspection.

Middleton Primary School's most recent Ofsted inspection was in March 2013 when it received a Good rating.

Ravensthorpe Primary School's most recent Ofsted inspection was a full inspection in January 2016 when it achieved a Good rating following the previous rating of Requires Improvement. Notable points were as follows:

- The curriculum is broad and relevant to the needs of all pupils. There is a strong emphasis on developing communication, language, literacy and numeracy, supplemented by interesting learning activities which engage pupils in learning. These include Latin for the most-able pupils, the school choir who performed at the Royal Albert Hall, and a boys' choir. Music and computing are strengths of the curriculum and pupils compose their own songs to perform on special occasions. Pupils have completed their own documentary videos on aspects of the school and have written blogs for the school website. A wide range of visits enriches learning, such as trips to a local farm, residential visits and a school trip to Burghley House. A wide range of lunchtime and after-school clubs, including for sport and knitting, also enhances learning.
- Good use is made of the primary school physical education and sports funding to provide coaching in a range of physical programmes such as tag rugby and football. It is also used well to provide training for staff and it has led to an increase in sports clubs, with increased opportunities for pupils to compete against other schools.

Peterborough Keys Academies Trust

Trustees' Report (continued)



- The curriculum promotes pupils' personal development, behaviour and welfare well. Pupils' spiritual, moral, social and cultural development is promoted well. Pupils have good opportunities for reflection, as seen in an assembly where they reflected on how to approach and stroke dogs safely. They learn right from wrong through the consistent implementation of the school's policy for behaviour. They work well together, share and take turns. The school has developed strong international links with Shanghai, Kenya, Sudan, Katowice in Poland and Friends of Chernobyl. A teaching assistant provides translation across a range of Eastern European languages.
- The school promotes British values effectively. It recently held a British values week and pupils learned about the monarchy, before the Duke of Gloucester came to open the new building. Pupils also learn about rights and responsibilities, and tolerance for each other including appreciation and respect for different faiths and beliefs. Displays are dedicated to British values. A Paralympian athlete visited the school and there is a forthcoming planned visit to Parliament.

Thorpe Primary School's most recent Ofsted inspection was in February 2017 when it was rated as Inadequate having previously been Good. Whilst the report acknowledged that:

- Children say, and their parents confirm, that they are happy and well looked after.
- The newly appointed Headteacher and her recently extended leadership team have brought momentum to improving the school's performance. This new leadership recognises that the pace of school improvement has been too slow in the past.
- The Headteacher ensures that performance management processes focus on improving teaching, and makes frequent checks on how well teachers are developing pupils' learning. The expertise available for judging learning and setting targets for improvement has been extended by involving other senior leaders in observing the quality of teaching.
- Pupils have a clear understanding of how to keep themselves safe and healthy.
- The curriculum is broad and balanced. The scheme for teaching subjects other than English and mathematics stimulates pupils' enthusiasm with events such as 'India day'. Art, music and sport are taught to a high standard and widen pupils' horizons through their involvement in events such as singing at the O2 arena in London or competing in city-wide sports competitions.
- Extra-curricular provision is strong and develops pupils' interests and self-esteem. Pupils' social and cultural development are supported well by stimulating activities. Extra-curricular opportunities cover a wide range of experiences that are appreciated and build pupils' pride in their achievements. Staff's contribution to clubs and activities creates a family feel that 'we all have the children's well-being at heart'. Choir, language ambassadors, dance and sports clubs all develop pupils' talents well and the 'Good to Me' club is particularly commended for building the confidence of younger children.

Pupil numbers remain strong with most schools increasing Published Admission Numbers following extensions to accommodate part of Peterborough's expanding population.

Peterborough Keys Academies Trust

Trustees' Report (continued)



The Key Performance Indicators below contain the detail of statistics that have national average comparators to give the PKAT schools achievements a context. The Department for Education plans to release data for KS5 2017/18 in January 2019 which is too late to be contained within this report, consequently 2016/17 published data has been utilised. On the day of A-level results Jack Hunt School was able to publish a press release stating “we are extremely pleased with an overall pass rate of 98% and an increase in our A* to B pass rate, which is 48%”.

Key Performance Indicators

Provisional 2017/18 Primary Schools Key Stage 2 data:

Subject	Measure	Longthorpe Primary School	Middleton Primary School	Ravensthorpe Primary School	Thorpe Primary School	PKAT average	National Average
Reading	EXS+	76%	75%	75%	72%	74%	75%
	Av Scale Score	105	103	104	104	104	105
Writing	EXS+	77%	77%	75%	70%	75%	78%
Maths	EXS+	69%	79%	71%	78%	75%	76%
	Av Scale Score	104	104	103	104	104	104
Grammar Spelling Punctuation	EXS+	78%	79%	61%	68%	73%	78%
	Av Scale Score	106	104	103	104	104	106
Combined Reading Writing Maths	EXS+	55%	72%	57%	63%	62%	64%

Secondary School data:

Key Stage 4 – provisional data August 2018 results

Measure	Jack Hunt School	England Average
Progress 8 score	Average – 0.00	Average – 0.00
Entering EBacc	36%	35.1%
Staying in Education or employment	98%	94%
Grade 5 or above in English & Maths GCSE	29%	39.9%
Attainment 8 score	41.6 points	44.3 points
EBacc average point score	3.67 points	3.83 points

Although the attainment of Grade 5 in English and Maths GCSE is below the national average the progress 8 score demonstrates that Jack Hunt School students have made the progress expected based on their levels when they joined the school.

Peterborough Keys Academies Trust

Trustees' Report (continued)



Key Stage 5 – 2016/17 data as national data is not available for 2017/18 until January 2018

Measure	Jack Hunt School	England Average
Progress score A-levels	Average – -0.04	Average – 0.00
Progress score all academic qualifications	Average – -0.04	Average – 0.00
Progress score applied general qualification	Average – +0.62	Average – 0.00
Average Result A-levels	27.44 points	32.39 points
Average Result all academic qualifications	27.52 points	32.73 points
Average Result applied general qualification	46.25 points	35.73 points
Staying in education or employment	98%	89%

Going Concern

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

Financial Review

During the five months that PKAT has existed the Statement of Financial Activities, before pension adjustments are included shows a surplus of £56.548m. As 2017/18 is the first year of trading this surplus includes reserves brought forward therefore Note 16 Funds, which separates out current year activities from the transfer on conversion shows an in year surplus of 2.61%. This demonstrates that the initial budgeting exercise was reasonably accurate and when refined in future years should provide a reliable methodology. However, PKAT is not blind to the future financial pressures and is actively working on ways of maximising income and minimising expenditure to avoid an overall deficit.

Revenue reserves balances as set out in Note 16 Funds are as follows:

Restricted General Fund, excluding pension reserves	£1.413m
Unrestricted Funds	£0.115m
Total revenue reserves	£1.528m

PKAT aims to have a balance in reserves in case of unforeseen instances. However, this is tempered to ensure that funding received for current students is used to educate current students.

PKAT will be formulating an investment strategy during 2018/19 once it has confidence it understands the combined finances of its schools. PKAT also needs to determine its risk appetite for investing, although being a public sector organisation this will not be high. At present, an interest bearing current account is providing a small amount of income with no risk.

There have not been any significant events impacting upon the PKAT finances.

Peterborough Keys Academies Trust

Trustees' Report (continued)



The majority of PKAT funding is from the Education and Skills Funding Agency, supported by Local Authority for Special Educational Needs Students with Education Health Care Plans. Ancillary income generation has continued in line with legacy school approaches. This will be reviewed as part of the ongoing Improvement Initiatives approach.

Where contracts have been expiring, endeavours have been made to buy collaboratively for PKAT rather than at individual school level where contracts are relevant for all schools. As PKAT develops, a more proactive approach to procurement is emerging.

As illustrated in Note 6 Expenditure, key objectives of PKAT have been supported by expenditure made with 74% being spent on the direct costs of the educational operations and a further 25.8% being spent on support costs allocated to educational operations.

Reserves Policy

As at 31 August 2018 total reserves amounted to £56.548m, of which £56.433m are restricted. The balance of £115k are free reserves. Trustees will review these balances at a future Finance and Audit Committee and make a recommendation to the full Trustee board as to what parameters should be set as to how these funds may be used by member schools.

Within the Restricted Fixed Asset Fund £54.281m of it can only be realised by disposing of tangible fixed assets.

The pension reserve is in a deficit, £7.451m, due to PKAT's share of the Local Government Pension Scheme (LGPS) liabilities exceeding its share of the LGPS assets

Investment Policy

Investments may only be made with Trustee approval. PKAT has not yet established an Investment Policy other to permit the use of interest bearing bank accounts. This policy will be developed in 2018/19.

Principal Risks and Uncertainties

A risk register has been established and discussed by the October 2018 Finance and Audit Committee. The register covers all categories of risk which may affect PKAT. The key financial risks after mitigations have taken place are:

- PFI funding fails to keep pace with contractual cost rises through indexation under the National Funding Formula
- PKAT does not have adequately trained staff in positions exposed to financial inputs and/or processes
- PKAT does not have fit for purpose staff structures to support its financial operations
- PKAT is unable to prepare, agree and achieve a balanced three-year budget plan for submission to the ESFA. There is currently uncertainty regarding funding to cover higher Teachers' inflation rise after April 2020 and funding to cover the increase in employers' teachers' pensions scheme contributions from September 2020. It is also uncertain if more essential services will be charged for by the Local Authority.

Peterborough Keys Academies Trust

Trustees' Report (continued)



The key non-financial risks are:

Educational

- PKAT is unable to secure appropriate standards of pupil performance in all schools
- A PKAT school receives an Ofsted judgement of 3 (RI) or 4 (Inadequate)

Strategy

- PKAT does not have fit for purpose staff structures and processes to support its operations
- PKAT is subjected to unplanned growth

Infrastructure

- PKAT does not have buildings that are fit for purpose
- PKAT does not have resources that are fit for purpose
- PKAT's websites are unfit for purpose
- Key premises infrastructure components fail

Personnel

- PKAT cannot recruit high calibre staff to fill vacancies

Health and Safety

- PKAT does not have a Health & Safety policy

Fundraising

Whilst students fundraise monies for other charities as part of them learning to be good, considerate citizens there are no fundraising activities being carried out to supplement PKAT government funding and income generation activities.

Plans for Future Periods

As PKAT embarks on its full year of existence it is aiming to concentrate on achieving educational synergies from the creation of PKAT whilst reaping the benefits of processes, procedures and policies established during 2017/18. To this end the PKAT Leadership Group arranged during the period of these accounts a planning day for September 2018, which at the time of writing has subsequently taken place.

During the first half-term of 2018/19 pupils and students representing all of the PKAT schools and ranging from Year 2 to Year 13 have met the Osiligi Maasai Warriors and watched them perform in a special event planned in the five months of these accounts.

Jack Hunt School will revisit its improvement initiatives to create further savings and will share with the Primary Schools and past or current initiatives which could be beneficial to them too and ultimately help to suppress PKAT costs.

Peterborough Keys Academies Trust

Trustees' Report (continued)



The Chief Operating Officer embarked on a contract review that is designed to engage all PKAT schools in the pursuance of efficient, effective, collaborative procurement where appropriate. This sits alongside a budget review being led by the Chief Finance Officer.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on the board's behalf by:

C Higgins
Trustee

11 December 2018

Peterborough Keys Academies Trust

Governance Statement



Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met three times during the five months. Attendance during the five months at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Claire Higgins (Chair)	3	3
Bernard Champness	3	3
Michael Fish	3	3
Colin Hammond	2	3
Tracey Hedges	2	3
William Kerry	2	3
Lisa Lloyd	1	3
Adriano Pacitti	2	3
Alan Sadler	3	3
Amir Suleman	1	3

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to deal with the detail of financial and audit matters. The business of the Committee during 2017/18 was transacted through the full Trust Board. The first Committee meeting was held on 02 October 2018.

Review of Value for Money

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

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

appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Ensuring the PKAT Academy Finance Manual includes a high standard of procurement approach such as requiring competitive quotes for orders over £500 and embedding these principles across all schools.
- Ensuring a robust requisitioning system was implemented to provide data to inform the creation of a Procurement Strategy during 2018/19.
- Consolidated budgeting tool implemented to facilitate crisper identification of potential synergies.
- During the first five months of PKAT contracts covering all schools in PKAT have been arranged for the purchase of insurance, health and safety, payroll and personnel services thus freeing up money to divert to teaching and learning. This consolidation and leverage of combined buying power strategy will continue.

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 Peterborough Keys Academies Trust for the period 01 April to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 01 April to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the audit and finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees will be considering the need for a specific internal audit function initially at the Finance and Audit committee on 26 November 2018. The academy trust's financial processes, procedures and controls are based on those that existed in the secondary school prior to conversion, the secondary school was a Foundation school and had its most recent Schools Financial Value Standard reviewed by an independent auditor in March 2018.

Review of Effectiveness

As Accounting Officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the five months in question, the review has been informed by:

- 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:



C Higgins
Trustee



P Kilbey
Accounting Officer

Peterborough Keys Academies Trust

Statement of Regularity, Propriety and Compliance



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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

Non-financial issues

- Although fully reimbursed, one of the Trust schools used a school credit card to purchase alcohol for the school fete's raffle in contravention of both the LA legacy finance manual and the Trust's finance manual.
- Despite comprehensive and robust training and preparation in the months before conversion a colleague in another school was found to have used another colleague's password to log on to the requisitioning system. The aforementioned colleague had their access rights revoked.
- Contrary to clear decisions made in the set up phase of PKAT it came to light through review procedures that not all legacy bank accounts for unofficial funds had been closed down, either prior to or soon after conversion. Assurance has been sought from all PKAT schools that no more accounts are open and those discovered are being closed down with funds being transferred to PKAT to form part of the particular school's reserves.

P Kilbey
Accounting Officer
11 December 2018

Peterborough Keys Academies Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 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 trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read "C Higgins", is written over a light blue horizontal line.

C Higgins
Trustee

Peterborough Keys Academies Trust

Independent Auditor's Report to the Members of Peterborough Keys Academies Trust

For the year ended 31 August 2018

Opinion

We have audited the accounts of Peterborough Keys Academies Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Peterborough Keys Academies Trust

Independent Auditor's Report to the Members of Peterborough Keys Academies Trust (continued)

For the year ended 31 August 2018

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 trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' 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 trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

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

In preparing the accounts, the trustees 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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

Peterborough Keys Academies Trust

Independent Auditor's Report to the Members of Peterborough Keys Academies Trust (continued)



For the year ended 31 August 2018

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.

Mohamedraza Mavani FCA (Senior Statutory Auditor)
for and on behalf of Moore Stephens

17 December 2018

Chartered Accountants
Statutory Auditor

Rutland House
Minerva Business Park
Lynch Wood
Peterborough
PE2 6PZ

Peterborough Keys Academies Trust

Independent Reporting Accountant's Assurance Report on Regularity to Peterborough Keys Academies Trust and the Education & Skills Funding Agency

For the Year Ended 31 August 2018

In accordance with the terms of our engagement letter dated 7 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Peterborough Keys Academies Trust during the period 12 December 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Peterborough Keys Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Peterborough Keys Academies Trust's funding agreement with the Secretary of State for Education dated 28 March 2018 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 12 December 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Peterborough Keys Academies Trust and the Education & Skills Funding Agency (continued)

For the Year Ended 31 August 2018

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2017 to 2018. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Academy's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Academy;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

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 12 December 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens

Reporting Accountant

Moore Stephens
Rutland House
Minerva Business Park
Lynch Wood
Peterborough
PE2 6PZ

Dated: 17 December 2018

Peterborough Keys Academies Trust

Statement of Financial Activities

for the five months ended 31 August 2018



(including Income and Expenditure Account)

					Five Months 2017/18
	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Income and endowments from:					
Donations and capital grants	2	3	-	-	3
Transfer from local authority on conversion	26	4	(6,502)	55,155	48,657
Charitable activities:					
Funding for the academy trust's educational operations	3	67	8,141	69	8,277
Other trading activities	4	58	-	-	58
Investments	5	1	-	-	1
Total		133	1,639	55,224	56,996
Expenditure on:					
Raising funds	6	2	-	-	2
Charitable activities:					
Academy trust educational activities	7	-	8,370	229	8,599
Other		16	-	-	16
Total		18	8,370	229	8,617
Net income/(expenditure)		115	(6,731)	54,995	48,379
Transfer between funds	16	-	(25)	25	-
Other recognised gains/(loses):					
Actuarial (loses)/gains on defined benefit pension schemes	24	-	718	-	718
Net movement in funds		115	(6,038)	55,020	49,097
Reconciliation of funds					
Total Funds brought forward		-	-	-	-
Total Funds carried forward		115	(6,038)	55,020	49,097

Peterborough Keys Academies Trust

Balance Sheet

as at 31 August 2018



Company Number 11108321

	Note	2018 £000	2018 £000
Fixed Assets			
Tangible assets	12		54,281
Current Assets			
Stock	13	39	
Debtors	14	725	
Cash at bank and in hand		2,060	
		<u>2,824</u>	
Liabilities			
Creditors: Amounts falling due within one year	15	(557)	
Net current assets			<u>2,267</u>
Total assets less current liabilities			56,548
Creditors: Amounts falling due after more than one year			-
Net assets excluding pension scheme liability			<u>56,548</u>
Defined benefit pension scheme liability	24		(7,451)
Total net assets			<u>49,097</u>
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	16	55,020	
Restricted income fund	16	1,413	
Pension reserve	16	(7,451)	
Total Restricted funds			48,982
Unrestricted income funds	16		<u>115</u>
Total Funds			<u>49,097</u>

The financial statements on pages 27 to 29 were approved by the trustees and authorised for issue on 11 December 2018 and are signed on their behalf by

C Higgins
Trustee

Peterborough Keys Academies Trust



Statement of Cash Flows

for the year ended 31 August 2018

	Notes	2018 £000
Cash flows from operating activities		
Net cash provided by/(used in) operating activities	20	1,345
Cash flows from investing activities	21	715
Change in cash and cash equivalents in the reporting period		<u>2,060</u>
Cash and cash equivalents at 1 April 2018		-
Cash and cash equivalents at 31 August 2018	22	<u>2,060</u>

Notes to the Financial Statements

1 Accounting policies

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

Basis of Preparation

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

Going Concern

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

Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The assets and liabilities transferred on conversion from the state maintained schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

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

Peterborough Keys Academies Trust

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. There are no restrictions in the Funding Agreement as to carry forward values.

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.

- **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'.

- **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on 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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

- | | |
|-------------------------------------|-----------------|
| • Land | nil |
| • Freehold buildings | 25 to 100 years |
| • Long leasehold buildings | 25 to 125 years |
| • Furniture, Equipment and fixtures | 3 to 10 years |
| • Computer equipment | 3 to 5 years |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Learning resources ordered for the new academic year, unsold uniforms, books and stationery stocks are valued at the lower of cost or net realisable value.

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 part 11, chapter 3 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.

Peterborough Keys Academies Trust

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.

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. 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 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual

results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There have been no instances where critical judgements have been required during the period of account.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Five Months 2017/18 Total £000
Other donations	3	-	3
	<u>3</u>	<u>-</u>	<u>3</u>

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Five Months 2017/18 Total £000
DfE/ESFA grants			
General Annual Grant (GAG)	-	6,900	6,900
Other ESFA grants	-	942	942
Capital grants	-	69	69
	<u>-</u>	<u>7,911</u>	<u>7,911</u>
Other Government Grants			
Local Authority grants	-	299	299
	<u>-</u>	<u>299</u>	<u>299</u>
Other income from the academy trust's educational operations	67	-	67
	<u>67</u>	<u>8,210</u>	<u>8,277</u>

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Five Months 2017/18 Total £000
Hire of facilities	41	-	41
Income from ancillary trading activities	17	-	17
	<u>58</u>	<u>-</u>	<u>58</u>

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Five Months 2017/18 Total £000
Short term deposits	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>

6 Expenditure

	Non Pay Expenditure			Five Months 2017/18 Total £000
	Staff Costs £000	Premises £000	Other £000	
Expenditure on raising funds:				
Direct Costs	-	-	2	2
Academy's educational operations:				
Direct Costs	5,228	-	732	5,960
Allocated support costs	1,118	852	669	2,639
Other	16	-	-	16
	<u>6,362</u>	<u>852</u>	<u>1,403</u>	<u>8,617</u>

Net income/(expenditure) for the period includes:

	Five Months 2017/18 £000
Operating lease rentals	679
Depreciation	229
Net interest on defined pension liability	89
Fees payable to auditor for:	
Audit	12
Other services	1

Included within expenditure are the following transactions:

Books that will cost £1k to replace have either not been returned to the secondary school library or have been removed from the shelves, a further £1k of textbooks loaned to students who have now left the school were not returned. Library stock is not recorded as an asset because the second hand value of books is negligible.

Donations have been made only to the extent that specific fundraising activity was carried out to raise the £2.5k paid out

7 Charitable activities

	Five Months 2017/18 Total £000
Direct costs – educational operations	5,960
Support Costs – educational operations	2,639
	<u>8,599</u>

	Educational Operations £000	Five Months 2017/18 Total £000
Support staff costs	1,118	1,118
Depreciation	229	229
Technology costs	46	46
Premises costs	851	851
Other support costs	394	394
Governance costs	1	1
Total Support Costs	<u>2,639</u>	<u>2,639</u>

8 Staff

a. Staff costs

Staff cost during the period were:

	Five Months 2017/18 £000
Wages and salaries	4,832
Social security costs	417
Pension costs	1,113
	<u>6,362</u>
Agency staff costs	71
	<u>6,433</u>

b. Non statutory/non-contractual staff severance payments

There were no such payments in 2017/18.

c. Staff numbers

The average number of persons employed, headcount, by the academy trust during the five-month period was as follows:

	Five Months 2017/18 No.
Teachers	206
Administration and support	573
Management	28

d. Higher paid staff

There were no employees whose employee benefits (excluding employer pension costs) exceeded £60,000 during the five-month period.

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 3. 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 £275k.

9 Central Services

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

- Insurance provision
- Payroll and personnel contract
- Health and Safety contract
- School Improvement
- Audit and accountancy
- Finance systems and invoice processing
- Servicing Trustees and the PKAT executive appointments

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

- After discussion and agreement by the Leadership Group, which includes the Headteachers of all schools, and approval by Trustees of the expenditure that was to be included, 3.9% percent of GAG income excluding sixth form funding has been charged.

The actual amounts charged during the five months were as follows:

	Five Months 2017/18 £000
Jack Hunt School	140
Longthorpe Primary School	25
Middleton Primary School	27
Ravensthorpe Primary School	23
Thorpe Primary School	33

10 Related Party Transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The Chief Executive Officer only receives remuneration in respect of services they have provided undertaking the role of Chief Executive Officer and Headteacher of Jack Hunt School under her contract of employment.

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

P Kilbey (Chief Executive Officer, Headteacher of Jack Hunt School and ex-officio trustee)
 Remuneration £45,000 - £50,000
 Employer’s pension contributions paid £5,000 - £10,000

During the period ended 31 August 2018, travel and subsistence expenses totalling £67 were reimbursed to 1 trustee.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the five months ended 31 August 2018 was £1.7k.

12 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets Under Construction £000	Total £000
Cost				
At 01 April 2018	-	-	-	-
Acquisitions	29,479	21,805	3,226	54,510
At 31 August 2018	29,479	21,805	3,226	54,510
Depreciation				
At 01 April 2018	-	-	-	-
Charged in year	156	73	-	229
At 31 August 2018	156	73	-	229
Net book Values				
At 31 March 2018	29,323	21,732	3,226	54,281
At 31 August 2018	29,323	21,732	3,226	54,281

The academy trust's transactions relating to land and buildings included:

- Land and buildings were valued by Barker Storey Matthews as at 01 April 2018 in October 2018.
- Freehold land and buildings of £29.479m were transferred from the Governors of Jack Hunt School on conversion to an academy.
- Leasehold land and buildings of £5.765m Longthorpe Primary School, £4.070m Middleton Primary School, £5.735m Ravensthorpe Primary School and £6.235m Thorpe Primary School, were leased from the Local Authority on conversion to an academy.
- An additional block to increase Jack Hunt School's capacity is currently under construction with an assessed value of £3.2m. With new contractors appointed to replace Carillion the new building is scheduled to be ready for the 2019/20 academic year.
- A building of wooden construction was purchased for £25k using grant money received 31 March 2018 by Ravensthorpe Primary School. It was erected during the summer. Before it became usable flooring had to be laid. No depreciation has been charged in 2017/18 as it was not useable until after 31 August 2018 and has been recorded as an asset under construction.

13 Stock

	2018 £000
Learning resources order for new academic year	33
Books and stationery for resale	4
Uniform for resale	2
	39

14 Debtors

	2018
	£000
Trade debtors	13
VAT recoverable	293
Other debtors	13
Prepayments and accrued income	406
	<u>725</u>

15 Creditors: amounts falling due within one year

	2018
	£000
Trade creditors	23
Other taxation and social security	250
Other creditors	6
Accruals and deferred income	278
	<u>557</u>

	2018
	£000
Resources deferred in the year	19
Deferred income at 31 August 2018	<u>19</u>

At the balance sheet date the academy trust was holding £13k of rates funding, £3k in respect of Autumn term lettings and £3k for 2018/19 collaborative triad pot funding.

No loans were taken or outstanding as at the balance sheet date.

16 Funds

	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted General Funds				
General Annual Grant (GAG)	6,900	(6,864)	-	36
Other ESFA grants	522	(519)	-	3
Local Authority	299	(297)	-	2
Transfer on conversion	1,337	-	(25)	1,312
Pupil Premium	420	(360)	-	60
Pension reserve	(7,839)	(330)	718	(7,451)
	1,639	(8,370)	693	(6,038)
Restricted Fixed Asset Funds				
Transfer on conversion	55,155	(229)	25	54,951
DfE Group capital grants	69	-	-	69
	55,224	(229)	25	55,020
Total restricted funds	56,863	(8,599)	718	48,982
Total unrestricted funds	133	(18)	-	115
Total Funds	56,996	(8,617)	718	49,097

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

Capital contribution to Local Authority Jack Hunt School new build £463k

Fund balances at 31 August 2018 were allocated as follows:

	2018 £000
Jack Hunt School	844
Longthorpe Primary School	137
Middleton Primary School	144
Ravensthorpe Primary School	144
Thorpe Primary School	177
Central Services	82
Total before fixed assets and pension reserve	1,528
Restricted fixed asset fund	55,020
Pension Reserve	(7,451)
	49,097

Peterborough Keys Academies Trust



Total cost analysis by Academy:

	Teaching and Educational Support Staff	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Five Months 2017/18 Total
	£000	£000	£000	£000	£000
Jack Hunt School	2,925	434	362	901	4,622
Longthorpe Primary School	551	103	41	136	831
Middleton Primary School	659	116	71	89	935
Ravensthorpe Primary School	476	65	33	139	713
Thorpe Primary School	681	181	60	116	1,038
Central Services	7	(6)	(50)	(32)	(81)
	5,299	893	517	1,349	8,058

17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible Fixed Assets	-	-	54,281	54,281
Current Assets	118	1,967	739	2,824
Current Liabilities	(3)	(554)	-	(557)
Pension scheme liability	-	(7,451)	-	(7,451)
	115	(6,038)	55,020	49,097

18 Capital commitments

As at 31 August 2018 there were £463k of capital commitments to be paid to the Local Authority when the Jack Hunt School additional block has been built, which is expected to be ready for use by September 2019.

19 Commitments under operating leases

Operating leases

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

	2018 £000
Amounts due within one year	1,419
Amounts due between one and five years	5,620
Amounts due after five years	18,810
	25,849

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

	Five Months 2017/18 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	56,548
Adjusted for:	
Depreciation (note 12)	229
Capital grants from DfE and other capital grants	(55,224)
Interest receivable	(1)
(Increase)/Decrease in stocks	(39)
(Increase)/Decrease in debtors	(725)
Increase/(Decrease) in creditors	557
	1,345

21 Cash flows from investing activities

	Five Months 2017/18 £000
Dividends, interest and rents from investments	1
Purchase of tangible fixed assets	(25)
Capital grants from DfE Group	739
	715

22 Analysis of cash and cash equivalents

	Five Months 2017/18 £000
Cash in hand and at bank	2,060
	2,060

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

24 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £467k.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the five months ended 31 August 2018 was £509k, of which employer's contributions totalled £405k and employees' contributions totalled £104k. The agreed contribution rates for future years are 23 per cent for employers and between 5.5 per cent and 12.5 per cent for employees, depending on their earnings.

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

Principal actuarial assumptions	2018
Rate of increase in salaries	2.60%
Rate of increase for pensions in payment/inflation	2.30%
Discount rate for scheme liabilities	2.80%
Inflation assumption (CPI)	2.30%
Commutation of pensions to lump sums pre-April 2008	25.00%
Commutation of pensions to lump sums post-April 2008	63.00%

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

	2018
<i>Retiring Today</i>	
Males	22.4
Females	24.4
<i>Retiring in 20 years</i>	
Males	24.0
Females	26.3

Sensitivity analysis	2018
	£000
Discount rate -0.5%	1,714
Salary increase rate +0.5%	325
Pension increase rate (CPI) +0.5%	1,365

Peterborough Keys Academies Trust



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

	2018 £000
Equities	4,185
Bonds	583
Property	371
Cash	158
Total market value of assets	5,297

The actual return on scheme assets was £391k.

Amount recognised in the Statement of Financial Activities

	Five Months 2017/18 £000
Current Service Cost	(646)
Interest income	51
Interest cost	(140)
Total amount recognised in the SOFA	(735)

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

	Five Months 2017/18 £000
At 1 April	-
Conversion of academy trusts	12,185
Current service cost	646
Interest cost	140
Employee contributions	104
Actuarial (gain)/loss	(327)
At 31 August	12,748

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

	Five Months 2017/18 £000
At 1 April	-
Conversion of academy trusts	4,346
Interest income	51
Employer contributions	405
Employee contributions	104
Actuarial gain/(loss)	391
At 31 August	5,297

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and 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.

Expenditure Related Party Transaction

PKAT Trading – A company that has the same Members and Trustees as PKAT

- £4,462 from Pupil Premium and Sixth Form Bursary monies has been used to support eligible students with activities run through PKAT Trading.
- The element above £2,500 has been provided 'at no more than cost' because PKAT Trading aims not to make a surplus from running school trips and activities.
- As at 31 August 2018 PKAT is owed £13,242 by PKAT Trading as the pre-incorporation trading activities have been processed by PKAT.

Anglian Water – A company which employees Matthew Edwards (Member) and Tracey Hedges (Trustee)

- £7,737 water and sewerage charges have been incurred
- £3,909 of the above amount was accrued as at 31 August 2018
- Anglian Water is the local supplier of water and sewerage services so PKAT has no alternative but to use their services. Neither the Member nor the Trustee was involved in setting up the supplies. If Anglian Water is making a profit from the supply it is the same for all business customers.

Richard Clegg- Smith trading as Tazzi – a company owned by a friend of Pamela Kilbey (CEO)

- £185 of letterhead design work was provided during the five months to 31 August 2018
- No balance was outstanding as at 31 August

Income Related Party Transaction

Jack Hunt Community Learning Trust (JHCLT) – A company that has two directors being Pamela Kilbey (CEO) and Alan Sadler (Trustee)

- £8,164 has been reimbursed to PKAT to cover the staff time used to operate the JHCLT
- A further £228 has been reimbursed to PKAT to cover photocopier and printing usage and catering provisions
- As at 31 August 2018 PKAT holds £4,645 belonging to JHCLT because JHCLT has too few transactions to stand alone so PKAT processes them on its behalf.

Hampton Academies Trust – a company for which Alan Sadler (Trustee) is a Member

- £320 was charged to Hampton College for provision of a member of staff for two days' work. This amount was payable to PKAT as at 31 August 2018.

No amounts have been written off in respect of related parties during the five months to 31 August 2018 and no guarantees have been given or received.

26 Conversion to an Academy Trust

On 01 April 2018 Jack Hunt School, Longthorpe Primary School, Middleton Primary School, Ravensthorpe Primary School and Thorpe Primary School converted to academy status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to PKAT from the Peterborough City Council for £nil consideration.

The transfer has been accounted for as a combination that is substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible Fixed Assets				
Freehold land and buildings	-	-	32,680	32,680
Leasehold land and buildings	-	-	21,805	21,805
Net Current Assets				
Budget surplus on LA funds	4	1,337	670	2,011
Non-current liabilities				
LGPS pension surplus/(deficit)	-	(7,839)	-	(7,839)
Net assets/(liabilities)	4	(6,502)	55,155	48,657

All leasehold land and buildings were transferred on the basis of 125-year lease with a peppercorn rent.