
KEYSTONE ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditors' report on the financial statements	19 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25 - 26
Balance sheet	27 - 28
Statement of cash flows	29
Notes to the financial statements	30 - 55

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	M Green (resigned 31 August 2019) N Lindley (resigned 31 August 2019) C Pattison (resigned 31 August 2019) E Nicholson (appointed 1 September 2019) W Phelan (appointed 1 September 2019) A Thorpe (appointed 1 September 2019) C Wesley (appointed 1 September 2019) J Wooley (appointed 1 September 2019)
Designated Members	M Rainbow (appointed 1 September 2019) R Immink J Harrison M Green (appointed 1 September 2019) E Radley S Jackson (resigned 31 August 2019) J Freear (appointed 1 September 2019) G Goodwin, Staff Trustee (resigned 31 August 2019) S Medina, Staff Trustee (resigned 31 August 2019) R Mosley (resigned 31 August 2019) M Flemming (appointed 11 October 2018, resigned 31 August 2019) P Smith (resigned 31 August 2019) K Bryant (appointed 1 September 2019) J MacPhee (appointed 1 September 2019) R Monkhouse (appointed 1 September 2019) G Palmer (appointed 1 September 2019) J Pignatiello, Chair of Trustees (from 1 September 2019) S Sharpe N Smith M Green, Chair of Trustees (to 31 August 2019) (resigned 31 August 2019) E Radley, Head Teacher and Accounting Officer (resigned 31 August 2019) S Jackson (resigned 31 August 2019)
Company registered number	07788995
Company name	Keystone Academy Trust
Principal and registered office	Westbourne Park Bourne Lincs PE10 9QS
Company secretary	A Smith
Accounting officer	E Radley

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Senior leadership team

E Radley, Executive Headteacher
K Atkinson, Head of School
K Finch, Deputy Head
J McCullough, Assistant Head
G Goodwin, Assistant Head

Independent auditors

Streets Audit LLP
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

Bankers

Lloyds Bank Plc
Business Centre
PO Box 1000
Spalding

Solicitors

Greenwoods
Monkstone House
City Road
Peterborough
PE1 1JE

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

During the year the trust operated an Academy for pupils aged 3 to 11 serving a catchment area in Bourne, Lincolnshire including a nursery for three and four year olds. It has a pupil capacity of 630 (plus 52 nursery places) and had a roll of 666 (including 42 nursery) in the school census on 6 October 2018.

Structure, governance and management

Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy.

The Trustees of Keystone Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Keystone Academy Trust.

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 1.

Members' liability

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Method of recruitment and appointment or election of Trustees

The Articles outline the different types of Trustees/Governors; each category has slightly different election processes, as outlined below:

- The term of office for any Governor shall be four years, save that this time limit shall not apply to the Principal or any post which is held ex officio. Subject to the remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.
- The Governing Body may appoint up to six Governors.
- A minimum of two Parent Governors shall be elected by parents of registered pupils of the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a Parent Governor should end when they complete their term of office.
- Up to three Staff Governors shall be elected by a ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the Academy (excluding the Principal). If a Staff Governor ceases to work at the Academy, then he shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy. Any election of a Staff Governor which is contested shall be held by secret ballot.
- The Governors may appoint up to three Co-opted Governors. A 'Co-Opted Governor' means a person who is appointed to be a Governor by being co-opted by the Governors who have not themselves been so appointed.

Governors are subject to retirement or re-election at the end of their four-year term of office unless the eligibility conditions listed above prevail.

Policies adopted for the induction and training of Trustees

The training and induction provided to new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Members and Trustees are given a tour of the Academy Trust and the chance to meet with staff and pupils.

The Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Organisational structure

The structure of the Academy consists of three senior levels: The Members, the Board of Trustees (Governing Body) and the Executive Head Teacher leading the Senior Leadership Team which includes a Head of School and two Assistant Heads.

An aim of this management structure is to distribute responsibility and accountability and to encourage the involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

The Governing Body is responsible for setting the Trust's policies, adopting the School Improvement Plans and budget, monitoring performance against those plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of pupils and staffing.

The Executive Head Teacher and Senior Leadership Team control the Academy at an executive level, implementing the policies set by the Governing Body and reporting back to them. The Senior Leadership Team is responsible for day to day performance and practice.

The Governing Body has established two sub-committees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee, to the Executive Head Teacher (the Accounting Officer) and to the Senior Leadership Team.

The terms of reference and meeting frequency for each sub-committee is reviewed and approved by the Governing Body annually. The Governing Body has approved Finance policies and procedures which detail the Academy's authorised spending limits.

The sub-committees of the Governing Body are:

- Finance & Assets Committee
- Performance and Improvement Committee

Arrangements for setting pay and remuneration of key management personnel

The structure and pay ranges for the Senior Leadership Team are set by the Full Governing Body at the time of appointment. The pay ranges cover a five-point scale with the Head Teacher's salary established against the ISR. The ISR is recalculated annually by the Pay and Remuneration Committee. Any variations beyond this (for any members of the Senior Leadership Team) are made by the Full Governing Body following the recommendation by the Pay and Remuneration Committee. Recommendations for pay increases or salary regarding are made by the Head Teacher to the Pay and Remuneration Committee, following performance management, where a final decision will be made on whether to award the pay increase.

Related parties and other connected charities and organisations

The Academy was connected to one charity - The Friends of Westfield (PFTA) (charity number: 1048383)

During the year the Academy engaged in transactions with the above as donations were received from the PFTA.

The Academy was party to a Memorandum of Understanding to provide the leadership of Thurlby Community Primary School from 1 January 2019. This arrangement is ongoing pending Thurlby school's conversion to an academy within Keystone Academy Trust.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Keystone Academy Trust to provide education for pupils of different abilities between the ages of three and eleven with emphasis on particular specialisms.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of the Government specifies, amongst other things, the basis for admitting students to the Academy, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

Objectives

The main objectives of the Academy during the year ended 31 August 2019 are summarised below:

- To improve the quality of writing across the school so as to increase the percentage of children achieving EXS and GDS year on year
- To improve progress in reading to be at least in line with national
- To improve the quality of Science provision to ensure more children achieve greater depth

Strategies and Activities

The main strategies and activities in the year included:

- A broad and balanced range of genres being taught and applied appropriately throughout the curriculum
- All staff having a clear understanding of how to structure reading lessons and reading practice so that it is at least good in all classes. Guided reading books showed planning linked to test technique with a range of questions
- Power of Reading implemented and standards in reading and writing improved.
- Purchase of high quality, age appropriate, whole class texts
- Ran a training session with the NQTs and other identified staff to ensure that they are clear on the types of scientific questioning and identify gaps that exist within their own scientific knowledge
- Purchased Chris Quigley materials for planning, teaching and applying scientific knowledge to achieve greater depth
- Achieved Primary Science Quality Mark by July 2019

Public benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit.

The Trust's public benefit was enshrined in its charitable objects, which are:

- To advance for the public benefit education in the town of Bourne and the surrounding area, in particular, but without prejudice, to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum with a strong emphasis on, but in no way limited to, either one or a combination of specialisms. The current specialisms of Bourne Westfield Primary Academy are sport and the arts.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Outcomes

To enable the expansion of the academy trust and teaching school, a new modular office build was leased on site.

The Academy successfully trained 37 ITT trainees (13 Primary, 24 Secondary) throughout the year and all have gained employment.

The Trustees are very proud of the achievements and recognise the tremendous hard work and commitment put in by the Executive Head Teacher, Senior Leadership Team, all teaching and support staff over the last year.

Academic Achievements and Performance

Attendance remained at 97.1% and was well above the national average. Persistent absenteeism continued to remain well under the national average.

72.4% achieved a good level of development at the end of EYFS, and were above the national average of 71.5%. 90% of Year 1 pupils passed the phonics check.

In KS2 78% of Year 6 pupils achieved the expected standard in Reading, Writing and Mathematics compared to a national average of 65%. 23% of Year 6 pupils achieved greater depth in Reading, Writing and Mathematics combined, compared with a National Average of 10.5%. 49% of pupils achieved greater depth in Grammar, Punctuation and Spelling.

Other Curriculum Achievements and Performance

Major Sport and Arts achievements included:

- Sporting success in cross-county, hockey, tennis, football, netball, golf, rounders, cricket and bridge.
- Arts success with a Shakespeare production, a choir, a rock band and a music concert
- The school was awarded the Primary Science Quality Mark

Key Performance Indicators

- EYFS outcomes; Year One Phonic Check outcomes; end of Key Stage One outcomes; end of Key Stage Two outcomes, Ofsted outcomes, pupil premium statement outcomes
- Staff costs as a percentage of income and a percentage of expenditure
- Sporting achievements
- Musical achievements
- Financial returns and grants obtained

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review

Reserves policy

The Trust's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources that the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Trust which is to be spent at the Trustees' discretion in furtherance of any of the Trust's objects but which is not yet spent, committed or designated.

The trustees review the reserves levels of the Academy annually. The review encompasses the nature of the income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be equivalent to two percent of the annual grant funding, which is approximately £42,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

At 31 August 2019, free reserves held amount to £355,936 and restricted general funds amount to £590,259.

The amount of fund which can only be realised by disposing of tangible fixed assets amount to £4,985,124.

The pension fund is in deficit by £1,172,000

Total funds at 31 August 2019 amount to £4,679,971, and the balance on restricted general funds plus unrestricted general funds at 31 August 2019 results in a net surplus of £946,195.

Financial review

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2019, total restricted revenue expenditure of £2,972,908 was less than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of income over expenditure for the period was £223,374.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. There is no restriction on the amount of carry forward on the General Annual Grant (GAG). In the period under review there was £114,049 of GAG carried forward. Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2018/19 this was 87% and this will be monitored for future periods.

The trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy balance sheet shows a net liability of £1,172,000.

Investment policy

The Trust aims to manage its cash balances for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Principal risks and uncertainties

The Trust has a comprehensive Risk Register, which is used in conjunction with regular financial reporting to monitor the operational and financial performance of the Academy. Based on the strategic plan, the governing body undertakes a comprehensive review of the risks to which the Trust is exposed. The governing body identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Trust.

A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the governing body will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Thrust.

An Internal Auditor performs thorough testing of the financial and compliance systems and reports back annually to the governing body with recommendations.

A Risk Register, covering low, medium, and high level risks, is maintained at Trust level. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

The Trust's approach to risk management is supported by a risk management training programme which raised awareness of risk throughout the Trust. In addition, the Senior Leadership Team incorporate risk management in their self-assessment reports and quality improvement plans.

Outlined below is a description of the principal risk factors that may affect the Trust. However, not all factors are within the Academy's control and other factors besides those listed may also adversely affect the Academy:

- Funding Levels: The unfunded increases to salaries and pension contributions, alongside increased inflation, continues to place the schools at a higher risk of having a deficit budget and needing to make redundancies on the current funding levels.
- Government Funding – The Trust is fundamentally reliant on continued government funding through the Education Funding Agency (EFA) and the Local Authority. The risk has and will be mitigated in a number of ways:
 - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
 - Ensuring that the Trust is focused on those priority sectors which will continue to benefit from public funding.
 - Contingency planning embedded into the Trust budget process.
- The Local Government Pension Scheme (LGPS) deficit presents a financial risk and a pension reserve has been created within the statutory accounts. At the end of August 2019 the scheme deficit had increased from £621,000 to £1,172,000. The financial statements report the share of the LGPS deficit on the Academy's balance sheet in line with the requirements of FRS102. The Trust takes professional advice on this position, including guidance from Lincolnshire County Council, and makes appropriate contributions on the basis of that advice to ensure that the deficit does not become unmanageable.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

On 1 September 2019 a new multi-academy trust of two single academy trusts was formed. These two schools were Bourne Westfield Primary Academy and Boston Tower Road Academy. In addition, two local authority schools are scheduled to join later in the year. The multi academy trust intends to continue achieving its aims and objectives through the aforementioned educational activities, including nursery, wraparound care and teaching school activities.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

The Trustees' report was approved by order of the board of Trustees, as the company directors, on 3 December 2019 and signed on its behalf by:

.....
J Pignatiello
(Chair of Trustees)

KEYSTONE ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Governing Body has delegated the day-to-day responsibility to the Executive Head Teacher, 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 Keystone Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Governing Body any material weaknesses or breakdowns in internal control.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Governing Body has formally met 5 times during the year. The Finance Committee and Chair of the Governing Body maintain oversight of the academy financial position through monitoring monthly out-turn statements and regular financial monitoring visits.

Attendance during the year at meetings of the board of Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
M Rainbow	3	5
R Immink	3	5
J Harrison	4	5
M Green	5	5
E Radley	5	5
S Jackson	3	5
J Freear	4	5
G Goodwin, Staff Trustee	4	5
S Medina, Staff Trustee	5	5
R Mosley	2	5
M Flemming	4	5
P Smith	4	5
M Green, Chair of Trustees (to 31 August 2019)	0	0
E Radley, Head Teacher and Accounting Officer	0	0
S Jackson	0	0

There were changes to the Governing Body due to the move to the multi academy trust. On 31 August 2019 three members and eight trustees resigned their posts. Six of the trustees will continue on the Local Governing Body of Bourne Westfield Primary Academy. The current trustees would like to thank the retiring governors for their support, dedication and enthusiasm towards the Academy during their time served.

The Governing Body routinely evaluates and refines its practice. It currently evaluates itself as good or outstanding in every area of its work. The Governing Body receives numerous data reports that reflect the full range of available data sets. These include school versus national attainment and progress data produced by Raise on-line (next year ASP), FFT data, Ofsted data, attendance data and a full range of financial reports. The data that the Governing Body considers allows it to fully evaluate the school's effectiveness and ensure it is providing good value for money.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance and Assets Committee is a sub-committee of the Governing Body. Its purpose is to:

- Assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finance and resources, including proper planning, monitoring and probity.
- To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.
- Review and monitor procedures for Health & Safety.
- Responsible for internal audit
- Major issues will be referred to the full Governing Body for ratification, these included:
 - Immediate funding and budgetary constraints
 - Three-year financial planning
 - Development of a multi academy trust
 - Staffing issues, particularly in relation to higher needs pupils.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Rainbow	4	5
R Immink	4	5
J Freear	3	5
E Radley	5	5
G Goodwin	5	5
M Flemming	3	3
M Green	1	1

The Performance and Improvement Committee is also a sub-committee of the Governing Body. Its purpose is to:

- Monitor and challenge the academic performance of the Academy.
- Review and monitor procedures for safeguarding.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
E Radley	4	4
G Goodwin	4	4
P Smith	3	4
S Jackson	4	4
S Medina	3	4
R Mosley	3	4
M Flemming	1	1
J Harrison	2	4

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Improving Educational Results

- The impact of a continued CPD programme for all staff has resulted in attainment and progress in mathematics, writing and reading showing substantial improvement on previous years so that the percentage above the national expectation is higher in all subjects than nationally.
- The continuation of a strong phonics programme and associated staff training has resulted in phonics remaining as a strength.
- The Academy continued the "Find Your Voice" LAMDA awards to promote speaking for pupils in receipt of FSM. 100% of these pupils passed their LAMDA examinations, 98% passing at merit or distinction.
- The Academy supported a number of other schools to improve the quality of teaching and learning.
- The careful spend of the PE sports premium funding has resulted in a high level of sporting success and a demonstrable increase in the rates of participation at a competitive level.

Financial Governance and Oversight

- Produce business plans and three year financial plans to ensure that governors have a clear overview of the future projected financial health of the multi academy trust so that they can make informed strategic decisions about future expenditure and strategic direction.
- Confirm that purchasing protocols are followed to ensure that best value processes are achieved.
- Perform a comprehensive Internal Audit review and acted upon the recommendations.

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 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 Keystone Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governing Body.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The board of Governing Body has considered the need for a specific internal audit function and has decided to appoint Julia Raftery Consulting Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included asset management, website compliance and GDPR.

On an annual basis, the internal auditor reports to the board of Governing Body through the finance and assets committee on the operation of the systems of control and on the discharge of the Governing Body' financial responsibilities.

The Internal Auditor completed their work as planned during the year and their report was presented in May 2019 where no material control issues were noted. Remedial actions on the other areas noted are already adopted or underway.

Review of effectiveness

As accounting officer, the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and assets committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 3 December 2019 and signed on their behalf by:

.....
J Pignatiello
Chair of Trustees

.....
E Radley
Accounting Officer

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Keystone Academy Trust I have considered my responsibility to notify the academy 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, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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

.....
E Radley
Accounting Officer
Date: 17 December 2019

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 3 December 2019 and signed on its behalf by:

.....
J Pignatiello
(Chair of Trustees)

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Keystone Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

Mark Bradshaw (Senior statutory auditor)

for and on behalf of
Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Notts

NG23 5JR

17 December 2019

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 21 May 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Keystone Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Keystone Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Keystone Academy 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 Keystone Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Keystone Academy Trust's funding agreement with the Secretary of State for Education dated 23 September 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Bradshaw (Senior statutory auditor)

Streets Audit LLP
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

Date: 17 December 2019

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	9,383	7,205	58,946	75,534	405,377
Charitable activities		198,501	2,752,532	-	2,951,033	2,467,998
Teaching schools		-	436,545	-	436,545	445,163
Other trading activities		160,432	-	-	160,432	148,814
Investments	6	1,646	-	-	1,646	1,220
Total income		369,962	3,196,282	58,946	3,625,190	3,468,572
Expenditure on:						
Raising funds		-	7,156	-	7,156	-
Charitable activities		269,854	2,737,616	132,801	3,140,271	2,821,086
Teaching schools		-	375,136	-	375,136	400,504
Total expenditure		269,854	3,119,908	132,801	3,522,563	3,221,590
Net income/(expenditure)		100,108	76,374	(73,855)	102,627	246,982
Transfers between funds	17	-	15,944	(15,944)	-	-
Net movement in funds before other recognised gains/(losses)		100,108	92,318	(89,799)	102,627	246,982
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(404,000)	-	(404,000)	303,000
Net movement in funds		100,108	(311,682)	(89,799)	(301,373)	549,982

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Reconciliation of funds:					
Total funds brought forward	255,828	(270,059)	4,995,575	4,981,344	4,431,362
Net movement in funds	100,108	(311,682)	(89,799)	(301,373)	549,982
Total funds carried forward	<u><u>355,936</u></u>	<u><u>(581,741)</u></u>	<u><u>4,905,776</u></u>	<u><u>4,679,971</u></u>	<u><u>4,981,344</u></u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 30 to 55 form part of these financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07788995

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	4,985,124	5,091,588
		<u>4,985,124</u>	<u>5,091,588</u>
Current assets			
Stocks	14	10,466	10,291
Debtors	15	258,588	157,647
Cash at bank and in hand		887,188	576,434
		<u>1,156,242</u>	<u>744,372</u>
Creditors: amounts falling due within one year	16	(289,395)	(233,616)
Net current assets		<u>866,847</u>	<u>510,756</u>
Total assets less current liabilities		<u>5,851,971</u>	<u>5,602,344</u>
Net assets excluding pension liability		<u>5,851,971</u>	<u>5,602,344</u>
Defined benefit pension scheme liability	22	(1,172,000)	(621,000)
Total net assets		<u><u>4,679,971</u></u>	<u><u>4,981,344</u></u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the academy			
Restricted funds:			
Fixed asset funds	17	4,905,776	4,995,575
Restricted income funds	17	590,259	350,941
		<hr/>	<hr/>
Restricted funds excluding pension asset	17	5,496,035	5,346,516
Pension reserve	17	(1,172,000)	(621,000)
		<hr/>	<hr/>
Total restricted funds	17	4,324,035	4,725,516
Unrestricted income funds	17	355,936	255,828
		<hr/>	<hr/>
Total funds		4,679,971	4,981,344
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 25 to 55 were approved by the Trustees, and authorised for issue on 03 December 2019 and are signed on their behalf, by:

J Pignatiello
(Chair of Trustees)

The notes on pages 30 to 55 form part of these financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	<i>2018</i> £
Cash flows from operating activities			
Net cash provided by operating activities	19	278,542	<i>139,759</i>
Cash flows from investing activities	20	32,212	<i>(119,252)</i>
Change in cash and cash equivalents in the year		310,754	<i>20,507</i>
Cash and cash equivalents at the beginning of the year		576,434	<i>555,927</i>
Cash and cash equivalents at the end of the year	21	887,188	<i>576,434</i>

The notes on pages 30 to 55 form part of these financial statements

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Keystone Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **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 year it is receivable and to the extent the academy has provided the goods or services.

1.4 Expenditure

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

• **Expenditure on raising funds**

This includes all expenditure incurred by the academy 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's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 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:

Depreciation is provided on the following bases:

Freehold property	- 5% on cost on improvements, 2% on cost on buildings, land not depreciated
Furniture and equipment	- 25% on cost
Computer equipment	- 33% on cost

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 Cash at bank and in hand

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

1.10 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement bases 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 academy'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 note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Pensions

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

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

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There have been no judgements that the trustees have made in the process of applying the entity's accounting policies that have made a significant effect on the amounts recognised in the financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	9,383	7,205	-	16,588
Capital Grants	-	-	58,946	58,946
	<u>9,383</u>	<u>7,205</u>	<u>58,946</u>	<u>75,534</u>

	<i>Unrestricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Donations	6,879	-	6,879
Capital Grants	-	398,498	398,498
	<u>6,879</u>	<u>398,498</u>	<u>405,377</u>

4. Funding for the academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
General Annual Grant (GAG)	-	2,089,871	2,089,871
Other DfE / ESFA Revenue grants	-	480,278	480,278
Local Authority funding	-	180,483	180,483
Catering income	59,145	-	59,145
Other income	139,356	1,900	141,256
	<u>198,501</u>	<u>2,752,532</u>	<u>2,951,033</u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
General Annual Grant (GAG)	-	1,939,057	1,939,057
Other DfE / ESFA Revenue grants	-	242,877	242,877
Local Authority funding	-	143,596	143,596
Catering income	59,666	-	59,666
Other income	79,902	2,900	82,802
	<u>139,568</u>	<u>2,328,430</u>	<u>2,467,998</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Hire of facilities	1,110	1,110	545
Sale of goods	-	-	621
Nursery and after school club	159,322	159,322	147,648
	<u>160,432</u>	<u>160,432</u>	<u>148,814</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	1,646	1,646	1,220
	<u>1,646</u>	<u>1,646</u>	<u>1,220</u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs	Premises	Other	Total
	2019	2019	2019	2019
	£	£	£	£
Expenditure on raising voluntary income:				
Direct costs	-	-	7,156	7,156
Educational Operations:				
Direct costs	1,891,708	-	299,921	2,191,629
Allocated support costs	460,222	100,207	388,213	948,642
Teaching school	210,801	-	164,335	375,136
Total 2019	2,562,731	100,207	859,625	3,522,563
	<i>Staff Costs</i>	<i>Premises</i>	<i>Other</i>	<i>Total</i>
	<i>2018</i>	<i>2018</i>	<i>2018</i>	<i>2018</i>
	£	£	£	£
Educational Operations:				
Direct costs	1,701,852	-	305,924	2,007,776
Allocated support costs	431,613	102,992	278,705	813,310
Teaching school	201,591	-	198,913	400,504
<i>Total 2018</i>	<i>2,335,056</i>	<i>102,992</i>	<i>783,542</i>	<i>3,221,590</i>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	2,191,629	948,642	3,140,271

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational Operations	2,007,776	813,310	2,821,086

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	460,222	460,222	431,613
Technology costs	18,191	18,191	29,595
Premises costs	100,207	100,207	102,992
Other costs	350,128	350,128	234,028
Governance costs	19,894	19,894	15,082
	<u>948,642</u>	<u>948,642</u>	<u>813,310</u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	8,129	1,493
Depreciation of tangible fixed assets	134,844	129,618
Loss on disposal of fixed assets	-	7,518
Fees paid to auditors for:		
- audit	4,250	3,385
- other services	1,475	3,511
	<u>4,725</u>	<u>6,904</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,936,577	1,766,579
Social security costs	204,271	146,034
Pension costs	402,548	416,422
	<u>2,543,396</u>	<u>2,329,035</u>
Agency staff costs	19,335	6,021
	<u>2,562,731</u>	<u>2,335,056</u>

The staffing figures are increased due to the Trust running a teaching school and therefore employing an additional three teaching staff and an administrator.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

b. Staff numbers

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	43	<i>37</i>
Admin and support	85	<i>81</i>
Management	1	<i>1</i>
	129	<i>119</i>

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	33	<i>29</i>
Admin and support	33	<i>33</i>
Management	1	<i>1</i>
	67	<i>63</i>

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>-</i>
In the band £80,001 - £90,000	-	<i>1</i>
In the band £90,001 - £100,000	1	<i>-</i>

d. Key management personnel

The key management personnel of the academy trust comprise the staff trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £342,668 (2018 - £331,776).

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
E Radley, Head Teacher and Accounting Officer (resigned as trustee 31 August 2019)	Remuneration	90,000 -	<i>80,000 -</i>
		95,000	<i>85,000</i>
	Pension contributions paid	15,000 -	<i>10,000 -</i>
		20,000	<i>15,000</i>
S Medina, Staff Trustee (resigned 31 August 2019)	Remuneration	20,000 -	<i>15,000 -</i>
		25,000	<i>20,000</i>
	Pension contributions paid	0 - 5,000	<i>0 - 5,000</i>
G Goodwin, Staff Trustee (resigned 31 August 2019)	Remuneration	45,000 -	<i>40,000 -</i>
		50,000	<i>45,000</i>
	Pension contributions paid	5,000 -	<i>5,000 -</i>
		10,000	<i>10,000</i>

During the year ended 31 August 2019, travel expenses totalling £700 were reimbursed or paid directly to 2 Trustees (*2018 - £400 to 2 Trustees*).

12. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £79 (*2018 - £79*). The cost of this insurance is included in the total insurance cost.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	5,584,132	54,287	118,492	5,756,911
Additions	-	8,918	19,462	28,380
At 31 August 2019	<u>5,584,132</u>	<u>63,205</u>	<u>137,954</u>	<u>5,785,291</u>
Depreciation				
At 1 September 2018	547,024	41,649	76,650	665,323
Charge for the year	101,862	5,555	27,427	134,844
At 31 August 2019	<u>648,886</u>	<u>47,204</u>	<u>104,077</u>	<u>800,167</u>
Net book value				
At 31 August 2019	<u>4,935,246</u>	<u>16,001</u>	<u>33,877</u>	<u>4,985,124</u>
At 31 August 2018	<u>5,037,108</u>	<u>12,638</u>	<u>41,842</u>	<u>5,091,588</u>

Included in freehold property is land amounting to £898,283 which is not depreciated.

14. Stocks

	2019 £	2018 £
Uniform and stationery stocks	<u>10,466</u>	<u>10,291</u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	127,537	99,845
Other debtors	74,130	21,407
Prepayments and accrued income	56,921	36,395
	258,588	157,647
	258,588	157,647

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	48,829	46,966
Other taxation and social security	39,282	34,969
Other creditors	70,402	44,061
Accruals and deferred income	130,882	107,620
	289,395	233,616
	289,395	233,616

	2019 £	2018 £
Deferred income at 1 September 2018	90,709	95,401
Resources deferred during the year	94,101	90,709
Amounts released from previous periods	(90,709)	(95,401)
	94,101	90,709
	94,101	90,709

Deferred income relates to UIFSM income, rates relief income and teaching school support income relating to the 2019/20 academic year.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	159,815	369,962	(267,811)	-	-	261,966
Unrestricted fixed assets	96,013	-	(2,043)	-	-	93,970
	<u>255,828</u>	<u>369,962</u>	<u>(269,854)</u>	<u>-</u>	<u>-</u>	<u>355,936</u>
Restricted general funds						
General Annual Grant (GAG)	227,209	2,089,871	(1,991,766)	15,944	-	341,258
Other DfE/ESFA grants	-	480,278	(416,418)	-	-	63,860
Other government grants	-	25,203	(25,203)	-	-	-
Teaching school	123,732	436,545	(375,136)	-	-	185,141
Other income	-	164,385	(164,385)	-	-	-
Pension reserve	(621,000)	-	(147,000)	-	(404,000)	(1,172,000)
	<u>(270,059)</u>	<u>3,196,282</u>	<u>(3,119,908)</u>	<u>15,944</u>	<u>(404,000)</u>	<u>(581,741)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,005,050	49,846	(36,280)	(15,944)	-	1,002,672
Capital expenditure from GAG	233,907	-	(31,156)	-	-	202,751
Capital expenditure from other income	3,756,618	9,100	(65,365)	-	-	3,700,353

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
	4,995,575	58,946	(132,801)	(15,944)	-	4,905,776
Total Restricted funds	4,725,516	3,255,228	(3,252,709)	-	(404,000)	4,324,035
Total funds	4,981,344	3,625,190	(3,522,563)	-	(404,000)	4,679,971

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion.

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2019 results in a net surplus of £946,195.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
Unrestricted funds	184,680	296,481	(227,611)	(93,735)	-	159,815
Unrestricted fixed assets	-	-	(2,043)	98,056	-	96,013
	<u>184,680</u>	<u>296,481</u>	<u>(229,654)</u>	<u>4,321</u>	<u>-</u>	<u>255,828</u>
Restricted general funds						
General Annual Grant (GAG)	223,690	1,939,058	(1,926,142)	(9,397)	-	227,209
Other DfE/ESFA grants	-	242,877	(242,877)	-	-	-
Other government grants	-	40,817	(40,817)	-	-	-
Teaching school	79,073	445,163	(400,504)	-	-	123,732
Other income	1,145	105,678	(102,502)	(4,321)	-	-
Pension reserve	(780,000)	-	(144,000)	-	303,000	(621,000)
	<u>(476,092)</u>	<u>2,773,593</u>	<u>(2,856,842)</u>	<u>(13,718)</u>	<u>303,000</u>	<u>(270,059)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	645,730	398,498	(39,178)	-	-	1,005,050
Capital expenditure from GAG	254,736	-	(30,226)	9,397	-	233,907

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Capital expenditure from other income	3,822,308	-	(65,690)	-	-	3,756,618
	<u>4,722,774</u>	<u>398,498</u>	<u>(135,094)</u>	<u>9,397</u>	<u>-</u>	<u>4,995,575</u>
Total Restricted funds	<u>4,246,682</u>	<u>3,172,091</u>	<u>(2,991,936)</u>	<u>(4,321)</u>	<u>303,000</u>	<u>4,725,516</u>
Total funds	<u><u>4,431,362</u></u>	<u><u>3,468,572</u></u>	<u><u>(3,221,590)</u></u>	<u><u>-</u></u>	<u><u>303,000</u></u>	<u><u>4,981,344</u></u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019	Restricted funds 2019	Restricted fixed asset funds 2019	Total funds 2019
	£	£	£	£
Tangible fixed assets	93,970	-	4,891,154	4,985,124
Current assets	266,918	874,702	14,622	1,156,242
Creditors due within one year	(4,952)	(284,443)	-	(289,395)
Provisions for liabilities and charges	-	(1,172,000)	-	(1,172,000)
Total	<u><u>355,936</u></u>	<u><u>(581,741)</u></u>	<u><u>4,905,776</u></u>	<u><u>4,679,971</u></u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	96,013	-	4,995,575	5,091,588
Current assets	160,803	583,569	-	744,372
Creditors due within one year	(988)	(232,628)	-	(233,616)
Provisions for liabilities and charges	-	(621,000)	-	(621,000)
Total	<u>255,828</u>	<u>(270,059)</u>	<u>4,995,575</u>	<u>4,981,344</u>

19. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of financial activities)	<u>102,627</u>	<u>246,982</u>
Adjustments for:		
Depreciation	134,844	129,618
Capital grants from DfE and other capital income	(58,946)	(398,498)
Interest receivable	-	(1,220)
Defined benefit pension scheme obligation inherited	(1,646)	-
Defined benefit pension scheme cost less contributions payable	128,000	123,000
Defined benefit pension scheme finance cost	19,000	21,000
Increase in stocks	(175)	(1,016)
(Increase)/decrease in debtors	(100,941)	8,552
Increase in creditors	55,779	3,823
Loss on the disposal of fixed assets	-	7,518
Net cash provided by operating activities	<u>278,542</u>	<u>139,759</u>

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	1,646	1,220
Purchase of tangible fixed assets	(28,380)	(518,970)
Capital grants from DfE group	49,846	289,498
Capital funding received from sponsors and others	9,100	109,000
Net cash provided by/(used in) investing activities	32,212	(119,252)

21. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	887,188	576,434
Total cash and cash equivalents	887,188	576,434

22. Pension commitments

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Pension commitments (continued)

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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £204,694 (2018 - £186,039).

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 has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 year ended 31 August 2019 was £160,000 (2018 - £138,000), of which employer's contributions totalled £124,000 (2018 - £107,000) and employees' contributions totalled £ 36,000 (2018 - £31,000). The agreed contribution rates for future years are 19.5 per cent for employers and various per cent for employees.

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

22. Pension commitments (continued)

Principal actuarial assumptions

	2019	<i>2018</i>
	%	%
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3
Commutation of pensions to lump sums	50	50

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.5	24.1
Females	25.2	26.6

Sensitivity analysis

	2019	<i>2018</i>
	£000	£000
Discount rate -0.1%	79	57
Mortality assumption - 1 year increase	119	87

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	£
Equities	1,321,000	1,139,000
Corporate bonds	290,000	234,000
Property	181,000	172,000
Cash and other liquid assets	18,000	15,000
Total market value of assets	1,810,000	1,560,000

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Pension commitments (continued)

The actual return on scheme assets was £53,000 (2018 - £75,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(237,000)	(230,000)
Past service cost	(15,000)	-
Interest income	46,000	35,000
Interest cost	(65,000)	(56,000)
Total amount recognised in the Statement of financial activities	(271,000)	(251,000)

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

	2019 £	2018 £
At 1 September	2,181,000	2,101,000
Current service cost	237,000	230,000
Interest cost	65,000	56,000
Employee contributions	36,000	31,000
Actuarial losses/(gains)	457,000	(228,000)
Benefits paid	(9,000)	(9,000)
Past service costs	15,000	-
At 31 August	2,982,000	2,181,000

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

	2019 £	2018 £
At 1 September	1,560,000	1,321,000
Interest income	46,000	35,000
Actuarial gains	53,000	75,000
Employer contributions	124,000	107,000
Employee contributions	36,000	31,000
Benefits paid	(9,000)	(9,000)
At 31 August	1,810,000	1,560,000

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	30,341	1,456
Later than 1 year and not later than 5 years	110,276	728
Later than 5 years	355,279	-
	<u>495,896</u>	<u>2,184</u>

24. 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.

25. Related party transactions

Owing to the nature of the academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year the Academy purchased no goods and services from S J Radley, the spouse of the Head Teacher (2018 - £96). No amounts were outstanding at the year end.

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

26. Post balance sheet events

On 1 September 2019 the Academy became a Multi-Academy Trust. On this date, Tower Road Academy (Primary) joined the trust.

On 1 November 2019, Long Sutton County Primary School joined the trust.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Other income	436,545		445,163	
Total income		436,545		445,163
Expenditure				
Direct expenditure				
Direct staff costs	183,890		174,680	
Other direct costs	156,609		191,187	
Total direct expenditure	340,499		365,867	
Other expenditure				
Other staff costs	26,911		26,911	
Other support costs	7,726		7,726	
Total other expenditure	34,637		34,637	
Total expenditure		375,136		400,504
Surplus from all sources		61,409		44,659
Teaching school balances at 1 September 2018		123,732		79,073
Teaching school balances at 31 August 2019		185,141		123,732