

Registered number: 08927009 (England and Wales)

KADER ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

KADER ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

H Pearson O.B.E (deceased 5 February 2016)
RB Lomas
Rev J Hearn
P Cunningham
PJ Leadbitter

Governors

H Pearson O.B.E, Chair (deceased 5 February 2016)¹
RB Lomas, Chair¹
P Cunningham, Vice Chair¹
L Chalk, Principal and Accounting Officer¹
S Dalton¹
Y Ditchburn¹
FE Fletcher (resigned 30 November 2015)
MA Hanif M.B.E.¹
PJ Leadbitter¹
CAE Marchant (appointed 27 June 2016)¹
AR Mitchinson (appointed 16 November 2015)¹
BI Stinton¹

¹ Staffing and Resources

Company registered number

08927009

Company name

Kader Academy Trust

Principal and registered office

Staindrop Drive
Acklam
Middlesbrough
TS5 8NU

Senior leadership team

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

Independent auditors

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

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Bankers

Barclays Bank plc
257 Acklam Road
Middlesbrough
TS5 7BW

Solicitors

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

KADER ACADEMY TRUST
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 years serving a catchment area in Middlesbrough. It has a pupil capacity of 420 pupils (Reception to Y6) and a 39 FTE place nursery and had a roll of 438 pupils in the school census on 22nd January 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objective and activity of the charitable company is the operation of Kader Academy to provide education for students of different abilities between the ages of 3 and 11 with emphasis on excellent teaching and learning.

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

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

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

Objectives, strategies and activities

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- To maintain high standards of teaching and learning
- To maintain sound financial practices
- To ensure all staff were confident with the new assessment framework and used it effectively to support teaching and learning.
- To continue to raise children's enjoyment of reading throughout the school
- To continue to raise attainment in Key Stage 1 phonics.
- To develop staff's skills and understanding of mastery and reasoning in the new mathematics curriculum
- To induct and provide continual professional development for the newly appointed Vice Principal and new members of the Senior and Middle Leaders teams.
- To secure funding from the Condition Improvement Fund to update the fire alarm system in school

The activities undertaken to achieve these objectives are all intended to provide the highest quality education in the public sector for students between the ages of 3 and 11 years.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

The academy uses performance indicators from end of Key Stage results to measure pupil achievement.

The majority of pupils throughout the school meet national expectations, with some pupils exceeding national expectations.

Early Years has consistently increased its performance over the last three years, improving its Good Level of Development result to 70% in 2016, an increase of 22% from 2014.

The academy's Year 1 phonics screening result for 2016 was 84% (National 81%)

The academic year 2015/2016 saw the introduction of the new national tests for children in Year 2 and Year 6.

The end of Key Stage 1 results for 2016 were; reading 76.4% (National 74.1%), writing 80% (National 65.5%), maths 83.6% (National 72.7%) RWM combined 70.9% (National 60.3%)

The end of Key Stage 2 results for 2016 were; grammar, punctuation and spelling 82.4% (National 72.3%), reading 66.7% (National 65.6%), writing 78.4% (National 74%), maths 70.6% (National 69.7%) Reading, writing and maths combined 45% (National 53%)

The academy's attendance figure for 2015/2016 was 95.95%

The academy has analysed its performance and is implementing measures to build on the successes of 2016 and improve on results next year.

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

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

Going concern

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

Principal Funding

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

In addition the academy also secured a grant of £ 57,000 from CIF to upgrade the fire alarm and improve smoke detection within the building. This work has now been completed.

During the year ended 31 August 2016, total expenditure of £1,887,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £60,000.

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

At 31 August 2016 the net book value of fixed assets was £2,440,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £485,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £2,583,000 comprising £2,250,000 of restricted funds and £333,000 of unrestricted funds.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

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

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

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

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

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

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks. The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

Reserves policy

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

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

The academy maintains a reserve of £200,000 for this purpose. If this reserve is ever utilised non-essential expenditure will be limited until the reserve is brought back to £200,000. The reserve amount is held in a higher rate interest bank account in order to maximise interest received.

The academy's current level of free reserves are in surplus by £333,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy.

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

- a) Support for SEN pupils.
- b) To provide funds which can be designated to specific areas such as IT provision.
- c) Building refurbishment including re-configuration of the main entrance and introduction of extra teaching space.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Investments policy

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust 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 trust.

The Governors of Kader Academy Trust are also the Directors of the charitable company for the purpose of company law.

The charitable company is known as Kader Academy.

Details of the Governors who served during the year 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of Governors

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

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

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

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

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

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

Membership will terminate automatically if:

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

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

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

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

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

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

Policies and procedures adopted for the induction and training of Governors

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Pay policy for key management personnel

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

Remit

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

Organisational structure

During the period 1st September 2015 to 31st August 2016 the academy continued to operate a unified management structure. The structure consisted of 3 levels: the Members, Board of Governors and Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

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

The Senior Leadership Team is responsible for the day to day operation of the academy.

Connected organisations, including related party relationships

Further details are stated in Note 22 to the Financial Statements.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Governors' Indemnities

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

PLANS FOR FUTURE PERIODS

- To continue to drive forward the quality of teaching and learning, through effective professional development, coaching and mentoring.
- Review the staffing profile and teaching spaces to further enhance teaching and learning provision.
- Refurbishment and internal decoration.
- To secure funding to improve the academy's main entrance (safeguarding)

DISCLOSURE OF INFORMATION TO AUDITORS'

Insofar as the Governors are aware:

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

This report was approved by order of the Board of Governors as the company directors, on 21 November 2016 and signed on its behalf by:



RB Lomas
Chair of Governors

KADER ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 9 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
H Pearson O.B.E, Chair	1	2
RB Lomas, Chair	9	9
P Cunningham, Vice Chair	8	9
L Chalk, Principal and Accounting Officer	9	9
S Dalton	8	8
Y Ditchburn	5	8
FE Fletcher	0	0
MA Hanif M.B.E.	6	8
PJ Leadbitter	4	8
CAE Marchant	1	1
AR Mitchinson	8	8
BI Stinton	1	8

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
RB Lomas, Chairman	2	2
P Cunningham, Vice Chairman	1	2
L Chalk, Principal and Accounting Officer	2	2
S Dalton	2	2
Y Ditchburn	2	2
MA Hanif M.B.E.	1	2
PJ Leadbitter	1	2
C Marchant	0	0
A Mitchinson	2	2
BI Stinton	0	2

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GOVERNANCE STATEMENT (continued)

Review of Value for money

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

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

The accounting officer for the academy trust has delivered improved value for money during the period by reviewing strategic areas within the school such as Pupil Achievement which includes use of Pupil Premium funding, curriculum areas including writing and mathematics, IT provision and also strategic partnerships for teaching and learning within the wider community.

Pupils' Achievement

The majority of pupils throughout the school meet national expectations, with some pupils exceeding national expectations. The academic year 2015/2016 saw the introduction of the new national tests for children in Year 2 and Year 6. The academy has analysed its performance and is implementing measures to build on the successes of 2016 and improve on results next year.

The needs of Pupil Premium pupils in school were clearly identified, and strategies were introduced which ensured that the correct level of support was received. SEN programmes are structured to suit all the target areas and needs of pupils including external SEN support provision.

The budget was set to ensure that the subject leaders received the correct level of financial support to deliver the curriculum in the most efficient and effective manner.

IT provision was further increased year and iPads and mobile touchscreen monitors were purchased to further enhance the IT provision within the academy.

To continue to raise children's enjoyment of reading throughout the school the Accelerated Reading programme was introduced together with additional library resources.

The academy continues to work in partnership with the Middlesbrough Schools' Teaching Alliance.

Financial Governance and Monitoring

The academy budget was agreed by the Staffing and Resources Committee and the Board of Governors.

A report was given by the Principal (Accounting Officer) on the suggested allocation of funds across various budget headings which was approved and submitted to the EFA before the start of the new academic year.

Budget reports are produced monthly and presented termly to the Staffing and Resources Committee. The reports are reviewed and analysed by the Principal and Business Manager and provide a clear audit trail of spending over the academic year. Any virement from the approved budget is challenged if it does not fit with the proposed academic expenditure expected.

The academy trust has ensured that a surplus cash balance has been invested in a higher interest bank account to maximise interest earning potential.

Risks associated with future funding have been addressed in the risk register which has been reviewed, and will continue to be reviewed by the Staffing and Resources Committee.

Purchase of large expenditure items is discussed with the Staffing and Resources Committee in order to ascertain the appropriateness of suggested spending. Governors agreed to purchase IT equipment, Special Educational Needs and Disability (SEND) resources for a new sensory room, additional resources for Early Years pupils, together with the Accelerated reading programme and library resources.

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GOVERNANCE STATEMENT (continued)

Purchasing

Kader Academy operates a best value strategy for its purchasing provision. Contracts and levels of service were reviewed prior to conversion to academy status and they will continue to be reviewed on an annual basis to ensure that a competitive pricing structure is in place. This identifies any areas requiring improvement or change, with competitive comparisons carried out with local suppliers.

The academy instructed an approved Insurance Broker to provide transparency and value for money whilst ensuring appropriate insurance cover was maintained.

The academy was successful during the academic year in obtaining Condition Improvement Funding (CIF) in order to upgrade the fire alarm and enhance fire detection within the school building. Work was carried out during the Summer break and the project has now been completed.

Financial Control Measures

Controls are in place to ensure that all orders are authorised at the appropriate level, segregation of duties exists which demonstrates clear lines of separation between ordering, receipt and payment of goods and services.

Internal Assurance visits take place once a term to review the financial procedures and governance within the academy. The Auditor produces a report of findings and recommendations for improvement.

Bank statements and reconciliations are carried out monthly and advice is sought where necessary from Clive Owen LLP on administration of VAT, Corporation Tax and Teacher Pension returns.

All statutory inspections and reviews are carried out during the academic year and reports are produced which record the findings and any recommendations for improvement or change. These include health and safety, fire, asbestos and Legionella inspections.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kader Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Staffing and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 21 November 2016 and signed on their behalf, by:



RB Lomas
Chair of Governors



L Chalk
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Kader Academy Trust I have considered my responsibility to notify the academy trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Lynne Chalk
Accounting Officer

Date: 21 November 2016

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors on 21 November 2016 and signed on its behalf by:



RB Lomas
Chair of Governors

KADER ACADEMY TRUST
(A company limited by guarantee)

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

We have audited the financial statements of Kader Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 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 opinion we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

KADER ACADEMY TRUST
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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

Clive Owen LLP

Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
21 November 2016

KADER ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kader Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Kader Academy Trust's funding agreement with the Secretary of State for Education dated 29 April 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

KADER ACADEMY TRUST
(A company limited by guarantee)

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

Approach (continued)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Kevin Shotton BA FCA (Senior statutory auditor)

Reporting Accountant

for and on behalf of

Clive Owen LLP
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

21 November 2016

KADER ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	2	-	-	59	59	2,726
Charitable activities	3	-	1,789	-	1,789	2,330
Other trading activities	4	96	-	-	96	151
Investments	5	1	-	-	1	-
TOTAL INCOME		97	1,789	59	1,945	5,207
EXPENDITURE ON:						
Charitable activities		79	1,747	61	1,887	2,348
TOTAL EXPENDITURE	7	79	1,747	61	1,887	2,348
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	18	42	(2)	58	2,859
		-	(13)	13	-	-
NET INCOME BEFORE OTHER GAINS AND LOSSES		18	29	11	58	2,859
Actuarial losses on defined benefit pension schemes	20	-	(289)	-	(289)	(45)
NET MOVEMENT IN FUNDS		18	(260)	11	(231)	2,814
RECONCILIATION OF FUNDS:						
Total funds brought forward		315	70	2,429	2,814	-
TOTAL FUNDS CARRIED FORWARD		333	(190)	2,440	2,583	2,814

KADER ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08927009

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	12		2,440	2,420
CURRENT ASSETS				
Debtors	13	183		178
Cash at bank and in hand		758		523
		941		701
CREDITORS: amounts falling due within one year	14	(306)		(123)
NET CURRENT ASSETS			635	578
TOTAL ASSETS LESS CURRENT LIABILITIES			3,075	2,998
CREDITORS: amounts falling due after more than one year	15		(7)	(8)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,068	2,990
Defined benefit pension scheme liability	20		(485)	(176)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			2,583	2,814
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	16	295		246
Restricted fixed asset funds	16	2,440		2,429
Restricted funds excluding pension liability		2,735		2,675
Pension reserve		(485)		(176)
Total restricted funds			2,250	2,499
Unrestricted funds	16		333	315
TOTAL FUNDS			2,583	2,814

The financial statements were approved by the Governors, and authorised for issue, on 21 November 2016 and are signed on their behalf, by:


RB Lomas
Chair of Governors

The notes on pages 25 to 43 form part of these financial statements.

KADER ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	258	175
Cash flows from investing activities:			
Purchase of tangible fixed assets		(81)	(40)
Capital grants from DfE/EFA		59	40
Net cash used in investing activities		(22)	-
Cash flows from financing activities:			
Repayments of borrowings		(1)	-
Cash inflows from new borrowing		-	9
Cash inherited on conversion		-	339
Net cash (used in)/provided by financing activities		(1)	348
Change in cash and cash equivalents in the year		235	523
Cash and cash equivalents brought forward		523	-
Cash and cash equivalents carried forward		758	523

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Kader Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Kader Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

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

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised.

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

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

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

Long-term leasehold land	-	125 years
Long-term leasehold buildings	-	50 years
Fixtures and fittings	-	7 years
Computer equipment	-	3 years

1.7 INTEREST RECEIVABLE

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

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 DEBTORS

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

1.10 CASH AT BANK AND IN HAND

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

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

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

1.12 FINANCIAL INSTRUMENTS

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 TAXATION

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

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £61,000.

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

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	-	-	-	227
Capital Grants	-	59	59	2,499
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	59	59	2,726
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £227,000 was to unrestricted funds and £2,499,000 was to restricted fixed asset funds.

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	1,484	1,484	1,907
Pupil Premium	-	89	89	108
Academy Conversion Grant	-	-	-	25
Other DfE/EFA Grants	-	77	77	76
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,650	1,650	2,116
	<hr/>	<hr/>	<hr/>	<hr/>
Other Government Grants				
SEN	-	18	18	37
Other Government Grants	-	121	121	177
	<hr/>	<hr/>	<hr/>	<hr/>
	-	139	139	214
	<hr/>	<hr/>	<hr/>	<hr/>
	-	1,789	1,789	2,330
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,330,000 was to restricted funds.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	17	-	17	30
Lettings	8	-	8	11
Uniforms	-	-	-	15
School trips	9	-	9	17
Staff absence insurance	22	-	22	25
Catering	40	-	40	53
	<u>96</u>	<u>-</u>	<u>96</u>	<u>151</u>

In 2015, of the total income from other trading activities, £151,000 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

In 2015, of the total investment income, £ NIL was to unrestricted funds and £ NIL was to restricted funds.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

6. CHARITABLE ACTIVITIES

	2016	2015
	£000	£000
DIRECT COSTS		
Wages and salaries	998	1,296
National insurance	45	62
Pension cost	106	154
Educational supplies	117	103
Staff development	12	7
Technology costs	17	21
Other direct costs	45	48
Educational consultancy	-	2
	1,340	1,693
SUPPORT COSTS		
Wages and salaries	84	58
National insurance	9	10
Pension costs	17	17
Depreciation	61	79
Net interest cost on pension scheme	6	5
Recruitment and support	-	3
Maintenance of premises and equipment	34	88
Cleaning	20	27
Rates	12	24
Energy	21	27
Insurance	29	40
Security	1	2
Catering	96	141
Occupancy costs	6	9
Bank interest and charges	1	-
Other support costs	105	104
Governance costs	39	16
Technology costs	6	5
	547	655
	1,887	2,348

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7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	Total
	2016	2016	2016	2016	2015
	£000	£000	£000	£000	£000
Academy's educational operations:					
Direct costs	1,149	-	191	1,340	1,693
Support costs	110	178	259	547	655
	<u>1,259</u>	<u>178</u>	<u>450</u>	<u>1,887</u>	<u>2,348</u>

In 2016, of the total expenditure, £79,000 (2015 - £138,000) was to unrestricted funds and £1,808,000 (2015 - £2,146,000) was to restricted funds.

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

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

There were no ex-gratia payments in the year.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	61	79
Auditors' remuneration - audit	6	5
Auditors' remuneration - non-audit	8	-
Operating lease rentals	12	5
	<u>87</u>	<u>89</u>

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9. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	721	1,127
Social security costs	54	72
Operating costs of defined benefit pension schemes	123	171
	898	1,370
Supply staff costs	361	227
Staff restructuring costs	-	8
	1,259	1,605

Included in other pension costs is a debit of £14,000 relating to the pension deficit actuarial adjustment.

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

	2016	2015
	No.	No.
Teachers	11	14
Administration and support	24	23
Management	2	2
	37	39

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

	2016	2015
	No.	No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for employee whose emoluments fell within the above band totalled £12,000. (2015:£14,000)

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £238,000 (2015: £241,000).

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10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2016 £000	2015 £000
L Chalk, Principal and Governor	Remuneration	70-75	70-75
	Pension contributions paid	10-15	10-15
A Mitchinson, Vice Principal and Governor	Remuneration	50-55	
	Pension contributions paid	5-10	
J Armstrong, Deputy Head Teacher (Resigned 31st August 2015)	Remuneration	NIL	50-55
	Pension contributions paid	NIL	5-10

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the period ended 31 August 2016, mileage expenses totalling £107 (2015: £252) were reimbursed or paid directly to two Governors.

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,752 (2015 - £1,696).

12. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 September 2015	2,459	3	37	2,499
Additions	-	76	5	81
At 31 August 2016	<u>2,459</u>	<u>79</u>	<u>42</u>	<u>2,580</u>
DEPRECIATION				
At 1 September 2015	70	-	9	79
Charge for the year	47	1	13	61
At 31 August 2016	<u>117</u>	<u>1</u>	<u>22</u>	<u>140</u>
NET BOOK VALUE				
At 31 August 2016	<u>2,342</u>	<u>78</u>	<u>20</u>	<u>2,440</u>
At 31 August 2015	<u>2,389</u>	<u>3</u>	<u>28</u>	<u>2,420</u>

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13. DEBTORS

	2016	2015
	£000	£000
VAT recoverable	123	101
Prepayments and accrued income	60	77
	183	178
	183	178

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£000	£000
Trade creditors	112	5
Taxation and social security	17	15
Other creditors	23	16
Accruals and deferred income	154	87
	306	123
	306	123

	2016	2015
	£000	£000
DEFERRED INCOME		
Deferred income at 1 September 2015	35	-
Resources deferred during the year	47	35
Amounts released from previous years	(35)	-
	47	35
	47	35

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

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

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

	2016	2015
	£000	£000
Other creditors	7	8
	7	8
	7	8

Included within other creditors is a loan of £7,000 from Salix which is provided on the following terms: repayable over a period of 8 years via bi-annual deductions from General Annual Grant funding.

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16. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted funds	315	97	(79)	-	-	333
RESTRICTED FUNDS						
General Annual Grant (GAG)	246	1,484	(1,422)	(13)	-	295
Universal Infant Free School Meals	-	68	(68)	-	-	-
SEN	-	18	(18)	-	-	-
Early Years	-	121	(121)	-	-	-
Other EFA/DfE grants	-	98	(98)	-	-	-
Pension reserve	(176)	-	(20)	-	(289)	(485)
	<u>70</u>	<u>1,789</u>	<u>(1,747)</u>	<u>(13)</u>	<u>(289)</u>	<u>(190)</u>
RESTRICTED FIXED ASSET FUNDS						
	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Assets inherited on conversion	2,389	-	(47)	-	-	2,342
Devolved Formula Capital	9	2	-	-	-	11
Capital expenditure from GAG	3	-	(2)	13	-	14
Capital expenditure from unrestricted funds	28	-	(12)	-	-	16
Condition Improvement Fund	-	57	-	-	-	57
	<u>2,429</u>	<u>59</u>	<u>(61)</u>	<u>13</u>	<u>-</u>	<u>2,440</u>
Total restricted funds	<u>2,499</u>	<u>1,848</u>	<u>(1,808)</u>	<u>-</u>	<u>(289)</u>	<u>2,250</u>
Total of funds	<u><u>2,814</u></u>	<u><u>1,945</u></u>	<u><u>(1,887)</u></u>	<u><u>-</u></u>	<u><u>(289)</u></u>	<u><u>2,583</u></u>

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

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

Early Years Funding must be spent on costs relating to the provision of education to pupils.

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16. STATEMENT OF FUNDS (continued)

SEN is additional funding for pupils with special educational needs.

Universal Infant Free School Meals funding must be spent on costs relating to the provision of meals to pupils.

Other DfE/EFA grants relate to Rates Relief, PE and Sports Grant and Pupil Premium.

Rates Relief must be used to pay local authority rates costs. PE and Sports Grant funding must be spent on PE and Sports curriculum costs.

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

The pensions reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 20.

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,440	2,440	2,420
Current assets	333	608	-	941	701
Creditors due within one year	-	(306)	-	(306)	(123)
Creditors due in more than one year	-	(7)	-	(7)	(8)
Provisions for liabilities and charges	-	(485)	-	(485)	(176)
	<u>333</u>	<u>(190)</u>	<u>2,440</u>	<u>2,583</u>	<u>2,814</u>

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

	2016	2015
	£000	£000
Net income for the year (as per Statement of financial activities)	58	2,859
Adjustment for:		
Depreciation charges	61	79
Increase in debtors	(5)	(178)
Increase in creditors	183	122
Capital grants from DfE and other capital income	(59)	(40)
Defined benefit pension scheme	20	19
Pension inherited on conversion	-	112
Cash received on conversion	-	(339)
Assets inherited on conversion	-	(2,459)
	258	175
Net cash provided by operating activities	258	175

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£000	£000
Cash in hand	758	523
	758	523
Total	758	523

20. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £15,000 were payable to the schemes at 31 August 2016 (2015 - £15,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £76,000 (2015 - £116,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £46,000 (2015 - £57,000), of which employer's contributions totalled £33,000 (2015 - £41,000) and employees' contributions totalled £13,000 (2015 - £16,000). The agreed contribution rates for future years are 14.6% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Inflation assumption (CPI)	1.90 %	2.00 %
Rate of increase in salaries	3.40 %	3.50 %
Rate of increase for pensions in payment / inflation	1.90 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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20. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	23.1 years	23.0 years
Females	25.6 years	25.5 years
Retiring in 20 years		
Males	25.3 years	25.2 years
Females	28.0 years	27.8 years

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	387	288
Property	33	22
Government bonds	4	6
Corporate bonds	4	6
Cash	26	22
Other	-	6
	<u>454</u>	<u>350</u>

The actual return on scheme assets was £59,000 (2015 - £11,000).

The amounts recognised in the Statement of Financial Activities incorporating income and expenditure account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(47)	(55)
Net interest cost	(6)	(5)
	<u>(53)</u>	<u>(60)</u>

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20. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening defined benefit obligation	526	-
Upon conversion	-	396
Current service cost	47	55
Interest cost	20	23
Contributions by employees	13	16
Actuarial losses	334	38
Benefits paid	(1)	(2)
	939	526
	939	526

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

	2016 £000	2015 £000
Opening fair value of scheme assets	350	-
Upon conversion	-	284
Interest income	14	18
Actuarial gains and (losses)	45	(7)
Contributions by employer	33	41
Contributions by employees	13	16
Benefits paid	(1)	(2)
	454	350
	454	350

21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within one year	14	3
Between one and five years	26	3
	40	6
	40	6

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust 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.

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

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23. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 6 March 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	6 March 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		-	2,814
Total funds reported under FRS 102		<u>-</u>	<u>2,814</u>

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		2,870
Change in recognition of LGPS interest cost	A	(11)
Actuarial gain/(losses) brought above the line	B	<u>(45)</u>
Net movement in funds reported under FRS 102		<u>2,814</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 6 March 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £4,000 and increase the debit to expense by £7,000, and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount of £11,000.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.