

Registered number: 08927009

KADER ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

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 PERIOD ENDED 31 AUGUST 2015

Members

H Pearson O.B.E (appointed 6 March 2014)
RB Lomas (appointed 6 March 2014)
JH Hearn (appointed 6 March 2014)
P Cunningham (appointed 6 March 2014)
PJ Leadbitter (appointed 6 March 2014)
Y Ditchburn (appointed 6 March 2014)

Governors

H Pearson O.B.E, Chairman (appointed 6 March 2014)^{1,2,3,4,5}
RB Lomas, Vice Chairman (appointed 6 March 2014)^{1,3,4,5}
L Chalk, Principal and Accounting Officer (appointed 12 May 2014)^{1,2}
JA Armstrong, Staff Trustee (appointed 12 May 2014, resigned 31 August 2015)^{1,2}
P Cunningham (appointed 6 March 2014)^{1,3,4}
S Dalton (appointed 30 June 2014)^{2,5}
Y Ditchburn (appointed 6 March 2014)^{1,2}
FE Fletcher (appointed 6 March 2014)^{2,3}
MA Hanif (appointed 30 June 2014)¹
PJ Leadbitter (appointed 6 March 2014)^{1,3,5}
BI Stinton (appointed 28 April 2014)^{1,2}

- 1 Staffing and Resources
- 2 Raising Achievement
- 3 Pay Review
- 4 Performance Management
- 5 Pupil Welfare

Company registered number

08927009

Principal and registered office

Staindrop Drive
Acklam
Middlesbrough
TS5 8NU

Senior management team

L Chalk (Principal)
J Armstrong (Deputy Principal)

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 MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2015**

Bankers

Barclays
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 PERIOD ENDED 31 AUGUST 2015

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 May 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' 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 467 pupils in the school census on 15 January 2015.

Structure, governance and management

CONSTITUTION

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Kader Academy Trust are also the Governors of the academy and directors of the charitable company for the purposes of company law. The charitable company is known as Kader Academy. The charitable company was incorporated on 6 March 2014 and commenced trading on 1 May 2014.

Details of the trustees 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.

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).

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

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 trustee 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 trustee, any trustee 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 trustees depends on their existing experience. Induction and training, where necessary, are provided on charity, educational, legal and financial matters. All new trustees 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 trustees in order that they can undertake their role. Induction tends to be done informally and is tailored specifically to the individual.

ORGANISATIONAL STRUCTURE

During the period 1 May 2014 to 31 August 2015 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 2 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 25 to the Financial Statements.

RISK MANAGEMENT

The trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

GOVERNORS' INDEMNITIES

The academy has purchased insurance to protect trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 12.

Objectives and Activities

OBJECTS AND AIMS

The principal object 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 an 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 2015 are summarised below:

- To maintain high standards of teaching and learning
- To continue to raise the standard of educational achievement of all students;
- To achieve the Basic Skills Quality Mark for teaching and learning in Early Years
- To maintain sound financial practices
- To develop a new website
- To secure funding from the Academies Capital Maintenance Fund for a replacement boiler
- Secure agreed contingency fund

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

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.

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GOVERNORS' REPORT (continued)
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Achievements and performance

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.

KEY FINANCIAL PERFORMANCE INDICATORS

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

The vast 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 63.6% in 2015, an increase of 18.6% from 2013.

In KS1 the three year rolling averages from 2013 to 2015 are; Reading Level 2+ 97%, Level 2b+ 92%, Level 3+ 48%. Writing Level 2+96%, Level 2b+88%, Level 3+31%. Maths Level 2+ 97%, Level 2b+ 92%, Level 3+ 42%.

In KS2 the three year rolling averages from 2013 to 2015 are; Reading Level 4+ 94%, Level 5+ 52%. Writing Level 4+95%, Level 5+35%. Maths Level4+ 93%, Level 5+ 37%.

In 2015, the attainment of learners at the end of Key Stage 1 Level 2b+ was above national average. The level 3 results are 4% above national average in Writing, in line in Reading and 2% above National average in Maths. (National Averages based on 2015 results).

The academy's end of Key Stage 2, test results for 2015 are significantly above national average for Level 4+. English reading results at Level 4+ is 97%, Writing is 93% and Maths is 97%. At level 4b+ Maths is 8% above National Average and Reading L4b+ is 11% above National Average. Writing (Teacher Assessment) Level 4+ is 6% above the National Average. Reading for Level 5 is 45% (Nat. 48%), Writing for level 5 is 30% (Nat. 36%) for Level 5 and Maths for level 5 is 37% (Nat. 42%)

The two levels progress figures are higher than the national average, Reading is 95% (nat.91%), Writing is also 95% (nat.94%) and Maths is 97% (nat.90%).

Three levels progress in reading is 34%, three levels in writing is 31% and three levels progress in Maths is 25%.

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
- Monitoring and evaluation of the quality of teaching and learning
- Monitoring and evaluation of the behaviour, safety and welfare of pupils
- Monitoring and evaluation of leadership and management

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Financial review

FINANCIAL REVIEW

Most of the academies income is obtained from the Department for 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 2015 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 Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 £31,000 from ACMF and a loan of £10,000 from Salix for a replacement boiler. This work has now been completed.

During the period ended 31 August 2015, total expenditure of £2,341,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £481,000.

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

At 31 August 2015 the net book value of fixed assets was £2,420,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £176,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £2,814,000 comprising £2,499,000 of restricted funds and £315,000 of unrestricted funds.

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

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 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.

The trustees 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 trustees 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.

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GOVERNORS' REPORT (continued)
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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 wishes to maintain a reserve of £200,000 for this purpose. The current level of free reserves is £315,000.

The trustees 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 that can be designated to specific areas such as IT provision.
- c) Building refurbishment and introduction of an outdoor classroom.

MATERIAL INVESTMENTS POLICY

The board of Governors 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.

Plans for future periods

PLANS FOR FUTURE PERIODS

- To drive forward the quality of teaching and learning, with reference to the new curriculum, through effective professional development, coaching and mentoring.
- To support and develop the leadership and management skills of the new senior and middle leaders through effective professional development, monitoring and evaluation.
- To embed, and use effectively, new assessment procedures through the use of moderation, monitoring and evaluation.
- To secure funding in order to reconfigure the building and provide a safer and more secure entrance which will also improve energy efficiency.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

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

This report was approved by order of the board of trustees on 30 November 2015 and signed on the board's behalf by:



RB Lomas
Vice Chairman

KADER ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, 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 Governors' responsibilities statement. The board of Governors has formally met 6 times during the period. Attendance during the period at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
H Pearson O.B.E, Chairman	5	6
RB Lomas, Vice Chairman	5	6
L Chalk, Principal and Accounting Officer	6	6
JA Armstrong, Staff Trustee	6	6
P Cunningham	6	6
S Dalton	6	6
Y Ditchburn	5	6
FE Fletcher	5	6
MA Hanif	5	6
PJ Leadbitter	3	6
BI Stinton	2	6

Governance reviews:

The academy intends to carry out a governance review during the autumn term 2015.

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 period was as follows:

Governor	Meetings attended	Out of a possible
H Pearson O.B.E	4	5
RB Lomas	4	5
L Chalk, Principal	5	5
JA Armstrong, Vice Principal	5	5
P Cunningham	5	5
PJ Leadbitter	2	5
Y Ditchburn	4	5
BI Stinton	5	5
MA Hanif	4	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

In 2014 Kader Academy's results were significantly above national averages in both key stages. There was a significant increase in attainment at Level 5 at the end of Key Stage 2 in reading, grammar, punctuation and spelling (GPS) and mathematics. A number of pupils also achieved Level 6 in mathematics. The percentage of pupils making two levels progress by the end of Key Stage 2 improved and the percentage of pupils making three levels progress greatly improved.

The needs of Pupil Premium pupils in school have been clearly identified, with strategies being introduced to ensure that they receive the correct level of support required. Our SEN programmes are structured to suit all the target areas and needs of pupils including external SEN support provision.

The budget has been set to ensure that the subject leaders receive the correct level of financial support to deliver the new curriculum in the most efficient and effective manner.

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

The academy works 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 following conversion. 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 termly 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 in order to enhance the provision in school.

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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 recently successful in obtaining Academies Capital Maintenance Funding (ACMF) in order to replace the defective boiler in school. The project was funded through a combination of capital grant and a 'Salix loan'. The academy expects to make future energy and maintenance savings through replacing the boiler and the savings will be used to pay back the Salix loan.

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 an external accountant has attended the academy on a number of occasions since conversion to offer training, support and advice on the accountancy system.

The academy completed and submitted a 'Financial Management and Governance Self-Assessment' following conversion which was approved by the Staffing and Resources Committee.

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 period 6 March 2014 to 31 August 2015 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 period 6 March 2014 to 31 August 2015 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;

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 period 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 30 November 2015 and signed on its behalf, by:

RB Lomas
Vice Chairman



L Chalk
Principal and 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 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of Governors are able to identify any material, irregular or improper use of 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 (2014).

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.



L Chaik
Principal and Accounting Officer

30 November 2015

KADER ACADEMY TRUST
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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015

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;
- 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.

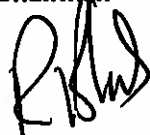
The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 DfE/EFA 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 30 November 2015 and signed on its behalf by:

RB Lomas
Vice Chairman



KADER ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KADER ACADEMY TRUST

We have audited the financial statements of Kader Academy Trust for the period ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2014 to 2015 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 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, 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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2014 to 2015 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 for the financial period for which the financial statements are prepared is consistent with the financial statements.

KADER ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT 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; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Clive Owen LLP

Kevin Shotton BA ACA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
30 November 2015

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 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kader Academy Trust during the period 6 March 2014 to 31 August 2015 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 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 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 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 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 6 March 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

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)**

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;
- 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 period 6 March 2014 to 31 August 2015 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 ACA

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

30 November 2015

KADER ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer from Local Authority on conversion	2	339	(112)	2,459	2,686
Activities for generating funds	3	151	-	-	151
Investment income	4	-	4	-	4
Incoming resources from charitable activities	5	-	2,330	40	2,370
TOTAL INCOMING RESOURCES		490	2,222	2,499	5,211
RESOURCES EXPENDED					
Charitable activities:					
Maintenance of premises and equipment	7	-	-	31	31
Other costs of activities		138	2,038	79	2,255
Governance costs	6	-	55	-	55
TOTAL RESOURCES EXPENDED	8	138	2,093	110	2,341
NET INCOMING RESOURCES BEFORE TRANSFERS					
		352	129	2,389	2,870
Transfers between Funds	17	(37)	(3)	40	-
NET INCOME FOR THE PERIOD		315	126	2,429	2,870
Actuarial gains and losses on defined benefit pension schemes		-	(56)	-	(56)
NET MOVEMENT IN FUNDS FOR THE PERIOD		315	70	2,429	2,814
Total funds at 6 March 2014		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2015		315	70	2,429	2,814

All of the academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 24 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000
FIXED ASSETS			
Tangible assets	13		2,420
CURRENT ASSETS			
Debtors	14	178	
Cash at bank		523	
		701	
CREDITORS: amounts falling due within one year	15	(123)	
NET CURRENT ASSETS			578
TOTAL ASSETS LESS CURRENT LIABILITIES			2,998
CREDITORS: amounts falling due after more than one year	16		(8)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			2,990
Defined benefit pension scheme liability	23		(176)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			2,814
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	17	246	
Restricted fixed asset funds	17	2,429	
		2,675	
Restricted funds excluding pension liability			
Pension reserve		(176)	
		2,499	
Total restricted funds			2,499
Unrestricted funds	17		315
TOTAL FUNDS			2,814

The financial statements were approved by the Governors, and authorised for issue, on 30 November 2015 and are signed on their behalf, by:

RB Lomas
Vice Chairman



The notes on pages 24 to 41 form part of these financial statements.

KADER ACADEMY TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	2015 £000
Net cash flow from operating activities	19	215
Capital expenditure and financial investment	20	(31)
Cash transferred on conversion to an academy trust	22	339
INCREASE IN CASH IN THE PERIOD		523

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2015

	2015 £000
Increase in cash in the period	523
MOVEMENT IN NET FUNDS IN THE PERIOD	523
NET FUNDS AT 31 AUGUST 2015	523

The notes on pages 24 to 41 form part of these financial statements.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

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 one year from the date of approval of the financial statements.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises are held on a 125 year lease from Middlesbrough Borough Council. As the risks and rewards have transferred to the academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by Mouchel, on behalf of the Education Funding Agency. The Governors consider that the cost of obtaining an additional valuation would outweigh the benefit.

Tangible fixed assets are stated at cost less depreciation. 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

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 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.

1.9 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

KADER ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Kader Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Kader Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Transfer from Local Authority on conversion	339	2,347	2,686
	<hr/>	<hr/>	<hr/>
Voluntary income	339	2,347	2,686
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Sundry income	30	-	30
Lettings	11	-	11
Uniforms	15	-	15
School trips	17	-	17
Staff absence insurance	25	-	25
Catering	53	-	53
	<hr/>	<hr/>	<hr/>
	151	-	151
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Net finance income on pension scheme	-	4	4
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
DfE/EFA revenue grants			
General annual grant (GAG)	-	1,907	1,907
Start-up grants	-	25	25
Devolved Formula Capital	-	9	9
Academies Capital Maintenance Fund	-	31	31
Pupil Premium	-	108	108
Other DfE/EFA grants	-	14	14
	<u>-</u>	<u>2,094</u>	<u>2,094</u>
Other government grants			
Universal Infant Free School Meals	-	62	62
SEN	-	37	37
Early Years	-	177	177
	<u>-</u>	<u>276</u>	<u>276</u>
Total	<u>-</u>	<u>2,370</u>	<u>2,370</u>

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Governance Internal audit costs	-	2	2
Auditors' remuneration	-	5	5
Legal and professional fees	-	8	8
Governors' meetings costs	-	1	1
Wages and salaries	-	39	39
	<u>-</u>	<u>55</u>	<u>55</u>

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

7. CHARITABLE ACTIVITIES

	Total funds 2015 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	1,257
National insurance	62
Pension cost	116
Educational supplies	103
Staff development	7
Technology costs	21
Educational consultancy	2
Other direct costs	48
	<hr/>
	1,616
	<hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	58
National insurance	10
Pension cost	53
Depreciation	79
Technology costs	5
Recruitment and support	3
Maintenance of premises and equipment	88
Cleaning	27
Rates	24
Energy	27
Insurance	40
Security	2
Catering	141
Occupancy Costs	9
Other support costs	104
	<hr/>
	670
	<hr/>
	2,286
	<hr/> <hr/>

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

8. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total Funds
	2015 £000	Premises 2015 £000	Other costs 2015 £000	2015 £000
Direct costs	1,435	-	181	1,616
Allocated support costs	121	276	273	670
Charitable activities	1,556	276	454	2,286
Governance	39	-	16	55
	1,595	276	470	2,341

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

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. NET INCOMING RESOURCES

This is stated after charging:

	2015 £000
Depreciation of tangible fixed assets:	
- owned by the charity	79
Auditors' remuneration	5
Auditors' remuneration - non-audit	2
Operating lease rentals:	
- other operating leases	5
	5

KADER ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000
Wages and salaries	1,119
Social security costs	72
Other pension costs (Note 23)	169
	1,360
Supply teacher costs	227
Redundancy	8
	1,595

Included in other pension costs is an increase of £12,000 for the pension deficit actuarial adjustment.

b. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2015 No.
Teachers	14
Administration and support	23
Management	2
	39

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 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 2015, pension contributions for employee whose emoluments fell within the above band totalled £14,000.

KADER ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

11. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The annual value of Governors' remuneration fell within the following bands:

L Chalk, Head Teacher:

Remuneration £70,000 - £75,000

Employer's pension contributions £10,000 - £15,000

J Armstrong, Deputy Head Teacher (Resigned 31 August 2015):

Remuneration £50,000 - £55,000

Employer's pension contributions £5,000 - £10,000

During the period ended 31 August 2015, mileage expenses totalling £252 were reimbursed or paid directly to 2 Governors.

During the period, no Governors received any benefits in kind.

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors 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 period ended 31 August 2015 was £1,696. The cost of this insurance is included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
Additions	2,459	3	37	2,499
At 31 August 2015	<u>2,459</u>	<u>3</u>	<u>37</u>	<u>2,499</u>
Depreciation				
Charge for the period	70	-	9	79
At 31 August 2015	<u>70</u>	<u>-</u>	<u>9</u>	<u>79</u>
Net book value				
At 31 August 2015	<u>2,389</u>	<u>3</u>	<u>28</u>	<u>2,420</u>

KADER ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

14. DEBTORS

	2015 £000
VAT recoverable	101
Prepayments and accrued income	77
	178
	178

15. CREDITORS:
Amounts falling due within one year

	2015 £000
Trade creditors	5
Taxation and social security	15
Other creditors	16
Accruals and deferred income	87
	123
	123

	£000
Deferred income	
Resources deferred during the year	35
	35
	35

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

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.

16. CREDITORS:
Amounts falling due after more than one year

	2015 £000
Other creditors	8
	8
	8

Included within other creditors is a loan of £8,000 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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17. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted funds	-	490	(138)	(37)	-	315
Restricted funds						
General Annual Grant (GAG)	-	1,907	(1,658)	(3)	-	246
Start Up Grant	-	25	(25)	-	-	-
Early Years SEN	-	177	(177)	-	-	-
Universal Infant Free School Meals	-	62	(62)	-	-	-
Other DfE/EFA grants	-	122	(122)	-	-	-
Pension reserve	-	(108)	(12)	-	(56)	(176)
	-	2,222	(2,093)	(3)	(56)	70
Restricted fixed asset funds						
	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
DfE/EFA capital grants	-	9	-	-	-	9
Capital expenditure from GAG	-	-	-	3	-	3
Capital expenditure from unrestricted funds	-	-	(9)	37	-	28
Academies Capital Maintenance Fund	-	31	(31)	-	-	-
Assets inherited on conversion	-	2,459	(70)	-	-	2,389
	-	2,499	(110)	40	-	2,429
Total restricted funds	-	4,721	(2,203)	37	(56)	2,499
Total of funds	-	5,211	(2,341)	-	(56)	2,814

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.

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17. STATEMENT OF FUNDS (continued)

The Start Up Grant funding is to be used for expenditure associated with converting to an academy, such as legal and professional fees.

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

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.

Grant income from the Academies Capital Maintenance Fund has been spent on the repair of existing capital assets at the academy, rather than the purchase of new assets. This is permitted under the conditions of the income.

The pensions reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

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 2015.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,420	2,420
Current assets	315	377	9	701
Creditors due within one year	-	(123)	-	(123)
Creditors due in more than one year	-	(8)	-	(8)
Provisions for liabilities and charges	-	(176)	-	(176)
	<u>315</u>	<u>70</u>	<u>2,429</u>	<u>2,814</u>

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19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000
Net incoming resources before revaluations	2,870
Cash received on conversion	(339)
Assets inherited on conversion	(2,459)
Depreciation of tangible fixed assets	79
Capital grants from DfE	(9)
Increase in debtors	(178)
Increase in creditors	131
Pension inherited on conversion	112
FRS 17 adjustments	8
	215
Net cash inflow from operations	215

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(40)
Capital grants from DfE	9
	(31)
Net cash outflow capital expenditure	(31)

21. ANALYSIS OF CHANGES IN NET FUNDS

	6 March 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	-	523	-	523
Net funds	-	523	-	523

22. CONVERSION TO AN ACADEMY TRUST

On 6 March 2014 Kader Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Kader Academy Trust from Middlesbrough Borough Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

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

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22. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Leasehold land and buildings	-	-	2,459	2,459
Budget surplus/(deficit) on LA funds	339	-	-	339
LGPS pension surplus/(deficit)	-	(112)	-	(112)
Net assets/(liabilities)	339	(112)	2,459	2,686

The above net assets include £339,000 that were transferred as cash.

23. 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 defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £15,000 were payable to the scheme at 31 August 2015 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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NOTES TO THE FINANCIAL STATEMENTS
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23. 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The total contribution made to the TPS in the period amounted to £193,000 of which employer's contributions totalled £116,000 and employees' contributions totalled £77,000.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 period ended 31 August 2015 was £57,000, of which employer's contributions totalled £41,000 and employees' contributions totalled £16,000. The agreed contribution rates for future years are 14.6% for employers and between 5.15% 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.

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2015 £000
Present value of funded obligations	(526)
Fair value of scheme assets	350
	(176)
Net liability	(176)

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

	2015 £000
Current service cost	(53)
Interest on obligation	(24)
Expected return on scheme assets	28
	(49)
Total	(49)

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

	2015 £000
Current service cost	53
Interest cost	24
Contributions by scheme participants	16
Actuarial Losses	38
Transfer from Local Authority on conversion	396
Benefits paid	(1)
	526
Closing defined benefit obligation	526

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

	2015 £000
Expected return on assets	28
Actuarial losses	(18)
Transfer from Local Authority on conversion	284
Contributions by employer	41
Contributions by employees	16
Benefits paid	(1)
	350
	350

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £56,000.

The academy expects to contribute £32,000 to its Defined benefit pension scheme in 2016.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015
Equities	82.30 %
Property	6.20 %
Government bonds	1.70 %
Corporate bonds	1.60 %
Cash	6.40 %
Other	1.80 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015
Discount rate for scheme liabilities	3.80 %
Pension accounts revaluation rate	2.00 %
Rate of increase in salaries	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %
Commutation of pensions to lump sums	80.00 %

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

	2015
Retiring today	
Males	23.0 years
Females	25.5 years
Retiring in 20 years	
Males	25.2 years
Females	27.8 years

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015
	£000
Defined benefit obligation	(526)
Scheme assets	350
Deficit	<u>(176)</u>
Experience adjustments on scheme liabilities	(38)
Experience adjustments on scheme assets	<u>(18)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £000	Other 2015 £000
Expiry date:		
Within 1 year	-	2
Between 2 and 5 years	-	1
	<u> </u>	<u> </u>

25. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account.