

**Company Registration Number: 07706900 (England & Wales)**

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	Mr Les Allen Mr David Armes Mr Stephen Cousins Professor Ken Durrands CBE Mr Paul Ross Councillor Jacky Smith Mr Jonathan Farrington
<b>Trustees</b>	Mr Paul Ross, Chair Mr Les Allen, Vice Chair Professor Ken Durrands CBE, Foundation Governor Mr David Armes, Foundation Governor Mrs Julie Parker, Support Staff Governor (appointed 8 September 2018) Mr Stephen Cousins, Foundation Governor Mr Jonathan Farrington, Vice Chair Ms Sara Jones, Teacher Governor Mr Simon Pickett, Head Master (ex-officio) and Accounting Officer (appointed 1 September 2018) Councillor Jacky Smith, Community Mr Gary Mills, Parent Governor Mrs Elizabeth Brady, Parent Governor
<b>Company registered number</b>	07706900
<b>Company name</b>	The King's School
<b>Principal and registered office</b>	Brook Street Grantham Lincolnshire NG31 6RP
<b>Senior management team</b>	Mr Simon Pickett (Joined 01/09/2018), Head Master Mrs Catherine Barnes, Bursar & Director Resources (resigned 7 June 2019) Mr Stephen Brook, Deputy Headmaster Mr Justin Dixon, Deputy Headmaster Mr Nigel Barton, Assistant Headteacher Mrs Colette Martin, Assistant Headteacher

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

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<b>Independent auditors</b>	Duncan and Toplis Limited Chartered Accountants and Statutory Auditors 15 Chequergate Louth Lincolnshire LN11 0LJ
<b>Bankers</b>	HSBC 41 Westgate Grantham NG31 6LF
<b>Solicitors</b>	Veale Wasbrough Vizards (Yvonne Spencer lead contact) Orchard Court Orchard Lane Bristol BS1 5WS

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

The trust operates an academy for pupils aged 11 to 18 serving a wide catchment area centred on the town of Grantham in Lincolnshire. It has a published admission number (PAN) of 174, but has offered above PAN, offering 186 places resulting in an Academy roll on 1 September 2019 of 1,206.

**Structure, governance and management**

**a. Constitution**

The academy is a charitable 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 who served during the year, and to date, are also the directors of the charitable company for the purposes of company law. The charitable company is known as The King's School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. 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.

**c. Trustees' indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

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

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**Structure, governance and management (continued)**

**d. Method of recruitment and appointment or election of Trustees**

The Articles of Association detail the different types of Governor, each category has slightly differing election or appointment processes, as outlined below:

- The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head Master or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.
- There is no maximum number of Members and the Articles do allow for an infinite number of appointments. The Members appoint the Foundation Governors.
- The Governing Body may appoint a Community Governor.
- The Head Master shall be treated for all purposes as being an ex officio Governor.
- A minimum of 2 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he or she is elected. The term of office of a parent governor should end when they cease to be the parent of a registered pupil.
- The Members shall appoint 2 Staff Governors (which shall include 1 teaching staff member and 1 support staff member) through such process as they may determine. If a Staff Governor ceases to work at the Academy, then they shall be deemed to have resigned and shall cease to be a Governor automatically on termination of their work at the Academy.
- The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

Governors are subject to retirement or re-election at the end of their four year term of office unless the eligibility conditions listed above prevail. Whilst closely following the requirements of the Academy Trust Articles of Association, Governors have decided to pursue a skills-based approach to the nomination and selection processes for new Governors in order to ensure the board comprises personnel with a wide range of relevant experience and professional knowledge.

**e. Policies adopted for the induction and training of Trustees**

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

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

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

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**Structure, governance and management (continued)**

**f. Organisational structure**

The structure of the Academy consists of two senior levels: Board of Directors (known at The King's School as the Governing Body) which includes the Head Master (as Accounting Officer). The Head Master also leads the Senior Leadership Team which includes the Bursar & Director Resources, two (2) Deputy Headmasters and two (2) Assistant Headteacher's. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Academy nurtures the talents of all staff to support continual improvement and excellence.

The Governing Body is responsible for setting the Academy's general policies, adopting the annual development plan and budget, monitoring performance against these plans and making major decisions about the direction of the academy and staffing.

The Head Master and Senior Leadership Team control the School at an executive level, implementing the policies set by the Governing Body and reporting back to them.

During the Financial Year 2018 - 19 the Governing Body continued to operate as a single board and met 9 times during the year. This operating structure ensured that all Governors were aware of all operational matters. A governors Audit Committee also meets as required under separate chairmanship during Governors meetings to fulfil the requirements of the Academy Financial Handbook.

The academy has an approved Financial Regulations Handbook which details the School's delegated authorities and authorised spending limits.

Groups of governors may be formally organised outside of the committee structure to support the Academy as required, to consider inter alia:

- Head Master and Senior Leadership Team recruitment.
- Personnel & Salaries (sub-committee of main board)
- Pupil Discipline
- Staff Discipline
- Complaints
- Significant areas of change management, i.e. Admissions Policy.

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

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**Structure, governance and management (continued)**

**g. Arrangements for setting pay and remuneration of key management personnel**

The academy has an approved Pay Policy which is reviewed annually by the Personnel & Salaries Committee, a sub-committee of the Governing Body. This policy sets out the framework for making decisions on teachers and support staff pay. It has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD) and has been consulted on with staff and professional associations.

The Governing Body is committed to taking decisions using fair, transparent and objective criteria in order to secure a consistent approach in school pay decisions. The Governing Body recognises the requirement that all pay progression decisions for all leadership staff will be linked to annual appraisal of performance.

The Pay Policy is designed to:

- Ensure that decisions on pay progression are managed in a fair, just and transparent way.
- Enable the Academy to recognise and reward senior staff appropriately for their contribution to the school.
- Maintain and improve the quality of teaching and learning at the school.
- Support the school strategic plan.
- Support the recruitment and retention of a high quality workforce.
- Ensure there is a strong link between Performance Management and pay progression.

**Leadership Pay**

The Head Master's pay is determined by the Governing Body, who will assign a seven-point Individual School Range (ISR) based on the school group size, as determined by the School Teachers Pay and Conditions Document (STPCD). Progression on the ISR for the Head Master will be subject to a review of the Head Master's performance set against an annual appraisal review.

Other Senior Leaders pay is determined by the Governing Body, who will determine a five point pay range for all senior leadership posts from within the Senior Leadership Range, the range for individual posts will be determined according to the duties and responsibilities of the post. Progression on the pay range for a member of staff paid on the Senior Leadership Range will be subject to a review of their performance set against the annual appraisal review.

The Governing Body will ensure that salaries are reviewed annually, with effect from 1 September and no later than 30 November (31 December for the Head Master) each year, and that all staff are given a written statement setting out the salary to which they are entitled. Reviews may take place at other times of the year to reflect any changes in circumstances or job description that lead to a change in the basis for calculating an individual's pay. A written statement will be given after any review and, where applicable, will give information about the basis on which it was made.



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

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**Structure, governance and management (continued)**

**h. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time** £

Total cost of facility time	1,026
Total pay bill	4,286,500
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

**i. Related parties and other connected charities and organisations**

The Academy is connected to 3 other charities:

- The King's School Old Trust (Charity # 512256)  
[The King's School Old Trust own all the academy land and buildings with the exception of the Newton Building and sports hall, which is owned directly by the Academy and is included in the accounts];
- The King's School New Trust (Charity # 701983) and,
- The King's School PTFA (Charity # 1011173).

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

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**Structure, governance and management (continued)**

**Objectives and activities**

**a. Objectives and Aims**

The principal object and aim of the charitable company is the operation of The King's School as set out in the Company's Articles of Association. The curriculum provided by the Academy to pupils between the ages of 11 and 19 is designed to be broad and balanced with an emphasis in its curriculum on Mathematics, English, Sciences, IT, Humanities and Foreign Languages.

The King's School is a selective academy for boys, selecting from the top 25% of the ability range through the 11+ process. The Academy's purpose is to provide the best possible education for its students so that they can fulfil their academic, social and professional potential.

The charitable company complies with the requirements of the Articles of Association and Funding Agreement, ensuring procedures for admitting students to the academy and curriculum compliance with the substance of the national curriculum are applied.

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

**Leadership & Management**

- Analyse the academy's budget projections 2018-21 and to monitor efficiency and revenue raising measures.
- Review performance management and pay policy arrangements for implementation from September 2019.
- Review the effectiveness of the Academy self-review and evaluation tools and processes.
- Develop a new strategic plan for the period 2019-22.
- Participate in the LTSA strategy for peer to peer review as part of the self-improving Academy system.
- Establish a student alumni organisation and programme.
- Implement GDPR.
- Establish a clear Vision and Value statement for the Academy.
- Develop the leadership of the Academy's SEN organisation and improve provision within the Academy.

**Teaching, Learning & Assessment**

- Review and revise policies for teaching and learning, assessment, reporting, recording and marking.
- Research evidence to make metacognition strategies more overt across the curriculum.
- Introduce new GCSEs in Business Studies, DT and ICT.
- Introduce Year 2 of new 'A' levels in French, Mathematics and Further Mathematics.
- Review and agree the strategy for addressing the needs of disadvantaged students.
- Review and agree the strategy for addressing the needs of higher ability students.
- Review and agree the strategy for improving outcomes in underperforming departments.
- Implement changes to the sixth form curriculum.
- Review the current curriculum and implement changes.
- Develop literacy skills across the curriculum.

**Personal Development, Behaviour and Well-being**

- Develop a sixth form mentoring programme.
- Monitor attendance arrangements.
- Year 12 completion of VESPA/A level Mind-set course.

**Outcomes for Learners**

- Meet targets for 2018-19 academic year.

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

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**Objectives and activities (continued)**

TARGET	MINIMUM	ASPIRATIONAL
Attainment 8	6.24	6.68
Progress 8	0.14	0.57
% of grades 9-7 A*/A	40	46
% 5+ (EM) standard pass	96	100
% 5+ (EM) strong pass	84	100
% EBacc Strong	31	52
Y13 ALPS Teaching & Learning	5	3
% of grades A*-B	70	83
% of grades A*-E	100	100
Attendance	92	95

- Improve outcomes for disadvantaged students.

**Academy Environment for Learning**

- Conversion of ground floor of 1 Church Street into a Learning Support and student well-being area.
- Gain Planning consent for a new classroom block on Church Hall site and submit a capital funding bid to the ESFA.
- Improve the Academy's IT infrastructure.

**b. Public benefit**

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The academy's public benefit is enshrined in its charitable objects, which state:

- To advance for the public benefit education in the town of Grantham and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum.
- To co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the Object and to exchange information and advice with them.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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

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**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

The Governing Body has established the Key Performance Indicators (KPI) listed below:

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**FOR THE YEAR ENDED 31 AUGUST 2019**

**Strategic report (continued)**

**Achievements and performance (continued)**

<b>Financial Year (FY)</b>		<b>Published Admission Number (PAN)</b>		<b>NOR in Y7 September</b>	
12/13		145		147	
13/14		145		148	
14/15		174		178	
15/16		174		186	
16/17		174		186	
17/18		174		184	
18/19		174		187	

<b>FY</b>	<b>Total GAG Income</b>	<b>Census NOR</b>	<b>£ per pupil</b>	<b>KS3 &amp; 4 Pre-16 element of GAG</b>	<b>KS3 &amp; 4 NOR</b>	<b>£ per KS3 &amp; 4 student</b>	<b>6th form element post 16 of GAG</b>	<b>6th form NOR</b>	<b>£ per 6th form student</b>
12/13	£4,902,453	1025	£4,783	£3,559,940	738	£4,823.77	£1,342,513	287	£4,677.75
13/14	£4,851,024	1023	£4,742	£3,589,771	746	£4,812.03	£1,261,253	277	£4,553.26
14/15	£4,714,901	1015	£4,645	£3,521,400	743	£4,739.43	£1,193,501	272	£4,387.87
15/16	£4,714,437	1044	£4,516	£3,590,944	778	£4,615.61	£1,123,493	266	£4,223.66
16/17	£4,729,545	1079	£4,383	£3,622,943	809	£4,478.30	£1,106,602	270	£4,098.53
17/18	£4,795,439	1120	£4,282	£3,682,217	847	£4,347.36	£1,113,222	273	£4,077.74
18/19	£5,165,337	1147	£4,503	£4,091,319	885	£4,622.96	£1,074,018	262	£4,099.31
19/20	£5,434,204	1170	£4,644	£4,406,400	918	£4,800.00	£1,027,804	252	£4,078.58

<b>Financial Year</b>	<b>Teaching Staff incl supply % of GAG</b>	<b>Support Staff incl lettings income &amp; staffing costs % GAG</b>	<b>All Staff % of GAG + Lettings Income</b>	<b>LGPS Deficit (£)</b>
12/13	55	18	63	466,000
13/14	57	18	65	752,000
14/15	62	18	69	822,000
15/16	65	16	71	1,412,000
16/17	68	16	73	1,052,000
17/18	67	17	73	1,052,000
18/19	66	19	84	1,598,000

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

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**Strategic report (continued)**

**Achievements and performance (continued)**

**b. Going concern**

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

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

**Strategic report (continued)**

**Achievements and performance (continued)**

**c. Academy Roll**

Published Admission Number (PAN) 174		2018-19	Totals
	Year 7	187	
	Year 8	192	
	Year 9	181	
	Year 10	185	
	Year 11	179	NOR Y7 – 11 924
	Year 12	144	
	Year 13	138	
	Year 14	0	NOR Y12-14 282
	<b>Total NOR</b>	<b>1206</b>	

**Student Attendance (extract from SIMS –September 2018 to July 2019)**

	No of Students	% Attendance	% Authorised absence	% Unauthorised absence
Year 7	194	96.87	3.00	0.13
Year 8	186	96.03	3.80	0.18
Year 9	187	95.92	3.98	
Year 10	185	95.30	4.51	0.09
Year 11	172	96.40	3.42	0.18
Year 12	137	86.87	12.62	0.50
Year 13	121	62.78	32.90	0.31



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

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**Strategic report (continued)**

**Achievements and performance (continued)**

**Academic Achievement – Summer 2019**

Year	Progress 8	Attainment 8
2018/19	0.45 Above average (top 18% of schools nationally)	64.6 significantly above the national average in the top 5% of school.

Achievement is graded outstanding because:

Both attainment and progress are significantly above the national average. Progress places the Academy in the top 12% of schools nationally and attainment places the school in the top 2% of schools nationally.

**Exam and Assessment Results**

Students achieving grade 4 or above in GCSE English and Maths = 99%

Students achieving grade 5 or above in GCSE English and Maths = 93%

Students entering EBacc = 61%    Students who achieved the EBacc at grade 5 or above = 55%

Students staying in education or employment after Key Stage 4 = 100%

Key Stage 5 Results 2017 (Awaiting DfE confirmation of 2018 results)

Students study A Levels at Key Stage 5.

A Level progress students have made compared to students across the country = 0.19

**Extra – Curricular**

In addition to the taught curriculum, The King's School believes in the development of self-confidence, resilience, self-control, and emotional intelligence. It is in the development of such traits that our extra-curricular programme plays a fundamentally important role. The staff and governors believe in the importance of providing a broad and balanced curriculum, offering a wide range of challenge and opportunities for all students both within and outside the classroom.

1. The Academy curriculum encourages boys to foster their own spiritual belief and respect the faith of their peers. An established range of services are held in St. Wulfram's Church. The Christian Union, supported by Harrowby Lane Methodist Church, meets on Fridays. A prayer room is available for Muslim students.
2. Y12/13 work placement and /voluntary work provides the boys with the opportunity to develop their social skills in an adult environment.
3. The House System provides boys with the opportunity to form new relationships, develop their social and team skills through representing their house in sporting and musical activities.
4. The Academy's extra-curricular programme is extensive and well established. A significant number of boys play sport at both school and county and regional level. Rugby, football, cricket and water polo are particular strengths. Approximately one third of boys are learning a musical instrument. A significant number of boys represent the school in county music ensembles and the National Youth Choir. There is an extensive programme of school music concerts and drama productions. There is an extensive programme of overseas educational visits.

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

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**Strategic report (continued)**

**Achievements and performance (continued)**

5. The Combined Cadet Force (CCF), together with the Duke of Edinburgh Award Scheme, is an integral part of the school's history, culture and ethos. Their activities engender a sense of discipline, resilience and contribute significantly to the boys' social, moral and cultural development.

**Financial review**

**a. Reserves policy**

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

The academy has benefited from the introduction of the new 'Fairer Funding' formula.

To hedge against the aforementioned budget reductions, Governors have, from September 2014, increased the number of students admitted into Year 7 by one form of entry.

During the year, the Academy received total funding of £6,836,926 compared to total resources expended of £6,555,505 (including depreciation charges of £212,881) to give a surplus for the year of £281,421

Taking into account the surplus brought forwards from last year, the Academy has £3,084,330 in total funds carried forwards including a pension liability of £1,598,000. This sum has been impacted by a deficit of £562,731 inherited on conversion and being repaid by way of half-yearly loan repayments to the local Authority. The Academy has confirmation from the LA that this loan cannot be called in or paid back early and therefore the Academy will continue to allocate the loan repayments annually through the revenue budget to ensure it provides for the ongoing liability. This approach ensures the Academy can access the "free reserves" to improve outcomes for students as these will not be called on to pay off the loan.

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

Restricted funds are £165,903 in surplus and unrestricted funds are £2,212 in surplus to give free reserves of £168,115.

The fixed asset reserve balance is £4,514,215. The Net Book Value of Fixed Assets is £4,448,225, which can only be realised by the disposal of fixed assets.

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

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**Strategic report (continued)**

**Financial review (continued)**

**b. Investment policy**

The Academy's Articles give Governors the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects." The Governing Body has responsibility for the Trust's finances and "to approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis."

**Objectives**

The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation;
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn;
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

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

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**Strategic report (continued)**

**Financial review (continued)**

**c. Principal risks and uncertainties**

Based on the strategic plan, the Governing Body undertakes a comprehensive review of the risks to which the academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the academy's internal controls in managing the risks identified is regularly monitored.

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

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

Outlined below is a description of the principal risk factors that may affect the academy. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy. The Academy Risk Register focuses on seven (7) main risk categories. Outlined below is a brief descriptor of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Strategic/reputational
2. Physical
3. Infrastructure
4. Governance
5. Staffing
6. Students
7. Financial

The principal identified risks are:

1. Government funding - The Academy has considerable reliance on continued government funding through the ESFA (ESFA) and the Local Authority. This risk has and will be mitigated in a number of ways:
  - Funding is derived through a number of direct and indirect contractual arrangements;
  - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
  - Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
  - Contingency planning embedded into the Academy budget process, including forward planning and maintenance of a forward medium term budget.
2. Maintain Adequate Funding of Pension Liabilities - The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**Strategic report (continued)**

**Financial review (continued)**

3. Pupil Strategy- The Academy seeks to maintain its popularity with current and prospective pupils by:
  - Ensuring the Academy delivers high quality education and training;
  - Maintaining outstanding success rates and good inspection outcomes;
  - Investing in teaching and support staff and resources;
  - Improving the teaching environment;
  - Robust marketing strategy.
4. Financial stability- the Governors approved a NOR expansion plan which will be complete by 2020/21. Additional classroom accommodation is required to accommodate the increase in NOR to support the continuation of delivery of outstanding education. An application will be submitted to the CIF in December 2019 for a new classroom block. Failure to secure CIF support for this build application will have significant negative impact on the school's ability to maintain the NOR and any reduction in NOR will impact negatively on sustaining a strong financial position.
5. The King's School buildings are a mixture of Grade 1, Grade 2, 1960s and 21st century. English Heritage and the local community take great interest in the school's architecture and impressive history, with Sir Isaac Newton one of a number of high profile former students. Newton's original school building is maintained and used daily by the current students for assemblies, lessons, exams and as a dining hall. This notable history carries with it responsibility and financial burden. General repairs and maintenance together with any build project are all subject to intense scrutiny by English Heritage and insistence that all works must be carried out sympathetically to the listed buildings, renovating and reinstating back to the original state regardless of the financial consequence for the academy's budget. English Heritage have stipulated the materials to be used for the forthcoming classroom block project which will necessitate an application to the CIF in December 2019. It will be imperative for the CIF to understand that much of the requirements of this design brief are out of the control of the school and take this into account when reviewing the application.
6. Temporary planning permission to continue the siting of a modular building housing the Estate and Finance Departments has been extended for a further three years (two years is nearly spent) with the provision that it is removed at the end of this period because it is not in keeping with the listed buildings in the surrounding area. This is further evidence of the pressures placed on the school to embrace and support the town's heritage, at the same time sustain delivery of vital support services.

**Fundraising**

We do not carry out any fundraising activities for the Academy's own benefit, other than voluntary non-uniform days for the students where £1 is charged, and any funds raised are paid into our pupil welfare fund, which form part of our School Fund Accounts.

We do not work with any professional fundraisers.

If we were to fundraise, we would conform to recognised standards, would monitor the fundraising activities appropriately, would handle any fundraising complaints professionally and would protect the public, including vulnerable people, from unreasonably intrusive or persistent approaches.



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**THE KING'S SCHOOL**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Plans for future periods**

The school continues to exploit the opportunities afforded by conversion to Academy status and has achieved considerable success with applications to the Condition Improvement Fund (CIF). During the financial year the academy gained £368,125 to replace Colleyweston tiled roofs on the Sciences Block. This project will be completed by March 2020.

**Priority 1:** With expansion of pupil numbers continuing until September 2020, there remains an urgent need to develop facilities including additional classrooms to cater for this increased pupil population. Seizing the opportunity to purchase the Church Hall in 2016 which neighbours the school, Governors saw this as an ideal location for a new classroom block. Architectural drawings for a six classroom building has received planning consent and a bid is being resubmitted in December 2019 to the CIF. The condition of the Church Hall is poor and it was never the intention for this to be used as an operational classroom. Owing to the mounting pressure for teaching space, this building is heavily timetabled increasing the already mounting sense of urgency to progress this classroom build project

**Priority 2:** Submission of a CIF application for water damage roof replacement of the Grade 2 listed CIS Block.

**Funds held as custodian on behalf of others**

The Academy has no such funds held

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2019 and signed on its behalf by:



.....  
**Mr Paul Ross**  
(Chair of Trustees)

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The King's School 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 Governors have delegated the day-to-day responsibility to the Head Master, 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 The King's School and the Secretary of State for Education. They are also responsible for reporting to the Governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities and in the Statement of Trustees' responsibilities. The Trustees (Governors) have formally met 9 times during the year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Paul Ross, Chair	7	9
Mr Les Allen, Vice Chair	7	9
Professor Ken Durrands CBE, Foundation Governor	8	9
Mr David Arnes, Foundation Governor	7	9
Mrs Julie Parker, Support Staff Governor	7	7
Mr Stephen Cousins, Foundation Governor	7	9
Mr Jonathan Farrington, Vice Chair	7	9
Ms Sara Jones, Teacher Governor	8	8
Mr Simon Pickett, Head Master (ex-officio) and Accounting Officer	9	9
Councillor Jacky Smith, Community	6	9
Mr Gary Mills, Parent Governor	8	9
Mrs Elizabeth Brady, Parent Governor	8	9

Governors continue to develop governance as one of the objectives within the Strategic Plan, aware of the importance of monitoring the impact and effectiveness of the FGB. All governors understand their legal duties and responsibilities as laid out in the Academies Financial Handbook.

The Governing Body provided an appropriate level of challenge and support to the Head Master. Continual Professional Development (CPD) opportunities were identified and conveyed to Governors through the National Governors' Association (NGA) and updates were provided for Governors. The development needs of governors are kept under review given the increasing complexity and accountability that goes with this role. A skills audit will be completed in the new financial year.

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money**

As Accounting Officer the Head Master 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 for the Academy can evidence improved value for money during the year:

**Challenge**

- The long-term financial planning process supported the school in achieving strategic outcomes. The presentation of financial data to the leadership team and governors was reviewed and reporting processes developed and improved. The FGB minutes throughout the year confirm that governors are assured about financial leadership of the school and reinforce the fact that clarity and detail has informed their decision making through presentation of high level budget monitoring, cash flow and budget planning reports.
- Decisions are supported by accurate option analysis and business case to ensure value for money.
- A culture founded in the principles of value for money was promoted and embedded to ensure that the school continued to challenge how it secured economy, efficiency and effectiveness.
- A three year balanced budget was submitted to the ESFA.
- The impact of fairer funding for future sustainability of the school and opportunities for budget planning to support creativity to enrich the curriculum, school offer and outcomes for students was evaluated and reported to the FGB.

**Compare**

- Data Review and Analysis of School performance (ASP) Data for GCSE was presented to the FGB. Governors' attention was drawn to specific areas of the data, including Progress 8. Results showed that King's School boys improved exceptionally well in comparison to other schools.
- Throughout the year, contracts were reviewed to ensure effective and economical ways of obtaining services and retendered to ensure Best Value not only in terms of price, but also delivery of service.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The King's School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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



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**THE KING'S SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**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 Trustees
- regular reviews by the Governing Body 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 Governing Body considered the need for a specific internal audit function and has decided to appoint Duncan and Toplis Limited to perform the internal audit function.

The reviewers gave advice on financial matters and performed a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current Year included:

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

During the Year ending August 2019, the two interim audits, together with the final external audit scrutinised the operation of the systems of control and the discharge of the Governing Body financial responsibilities. The reviewers delivered their schedule of work as planned; no significant matters were identified which required internal controls or procedures to be amended.

**Review of effectiveness**

As accounting officer, the Head Master 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 reviewers;
- the work of the external auditor;
- 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 main trustees' board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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**THE KING'S SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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Approved by order of the members of the board of Trustees on 10 December 2019 and signed on their behalf by:



.....  
**Mr Paul Ross**  
Chair of Trustees



.....  
**Mr Simon Pickett**  
Accounting Officer

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**THE KING'S SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of The King's School I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



.....  
**Simon Pickett**  
Accounting Officer  
Date: 10 December 2019

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 10 December 2019 and signed on its behalf by:

  
.....  
**Mr Paul Ross**  
Chair of Trustees

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING'S SCHOOL**

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**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING'S SCHOOL (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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**THE KING'S SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING'S SCHOOL (CONTINUED)**

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**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

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**THE KING'S SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING'S SCHOOL (CONTINUED)**

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**Nicholas Cudmore FCA (senior statutory auditor)**

for and on behalf of

**Duncan and Toplis Limited**

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

10 December 2019



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**THE KING'S SCHOOL**  
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KING'S  
SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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

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

**Respective responsibilities of The King's School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The King's School's funding agreement with the Secretary of State for Education dated 15 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**Conclusion**

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

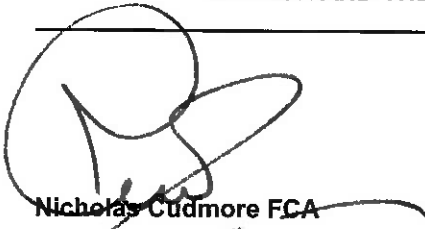
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**THE KING'S SCHOOL**  
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KING'S  
SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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Nicholas Cudmore FCA  
Duncan and Topliss Limited

Date: 10 December 2019

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

	<b>Note</b>	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
<b>Income from:</b>						
Donations and capital grants	3	26,893	483,674	85,990	596,557	315,716
Charitable activities:						
Funding for the Academy Trust's educational operations		-	5,768,341	-	5,768,341	5,146,798
Other trading activities		469,155	-	-	469,155	419,287
Investments	6	2,873	-	-	2,873	5,286
<b>Total income</b>		<b>498,921</b>	<b>6,252,015</b>	<b>85,990</b>	<b>6,836,926</b>	<b>5,887,087</b>
<b>Expenditure on:</b>						
Raising funds		-	446,027	-	446,027	266,257
Charitable activities:						
Academy Trust educational operations		-	5,548,099	212,881	5,760,980	-
Other charitable activities		348,498	-	-	348,498	5,939,544
<b>Total expenditure</b>		<b>348,498</b>	<b>5,994,126</b>	<b>212,881</b>	<b>6,555,505</b>	<b>6,205,801</b>
<b>Net income/(expenditure)</b>		<b>150,423</b>	<b>257,889</b>	<b>(126,891)</b>	<b>281,421</b>	<b>(318,714)</b>
Transfers between funds	18	-	(216,583)	216,583	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>150,423</b>	<b>41,306</b>	<b>89,692</b>	<b>281,421</b>	<b>(318,714)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	26	-	(531,000)	-	(531,000)	323,000
<b>Net movement in funds</b>		<b>150,423</b>	<b>(489,694)</b>	<b>89,692</b>	<b>(249,579)</b>	<b>4,286</b>
<b>Reconciliation of funds:</b>						

**THE KING'S SCHOOL**  
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
(CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
<b>Note</b>					
Total funds brought forward	(148,211)	(942,403)	4,424,523	3,333,909	3,329,623
Net movement in funds	150,423	(489,694)	89,692	(249,579)	4,286
<b>Total funds carried forward</b>	<b>2,212</b>	<b>(1,432,097)</b>	<b>4,514,215</b>	<b>3,084,330</b>	<b>3,333,909</b>

**THE KING'S SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07706900**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	4,448,225	4,424,523
<b>Current assets</b>			
Stocks	14	1,035	730
Debtors	15	418,876	201,873
Cash at bank and in hand		642,373	737,820
<b>Liabilities</b>		<u>1,062,284</u>	<u>940,423</u>
Creditors: amounts falling due within one year	16	(308,785)	(601,876)
<b>Net current assets</b>		<u>753,499</u>	<u>338,547</u>
<b>Total assets less current liabilities</b>		<u>5,201,724</u>	<u>4,763,070</u>
Creditors: amounts falling due after more than one year	17	(519,394)	(529,161)
<b>Net assets excluding pension liability</b>		<u>4,682,330</u>	<u>4,233,909</u>
Defined benefit pension scheme liability	26	(1,598,000)	(900,000)
<b>Total net assets</b>		<u><u>3,084,330</u></u>	<u><u>3,333,909</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	4,514,215	4,424,523
Restricted income funds	18	165,903	(42,403)
Restricted funds excluding pension reserve	18	<u>4,680,118</u>	<u>4,382,120</u>
Pension reserve	18	(1,598,000)	(900,000)
<b>Total restricted funds</b>	18	<u>3,082,118</u>	<u>3,482,120</u>
<b>Unrestricted income funds</b>	18	<u>2,212</u>	<u>(148,211)</u>
<b>Total funds</b>		<u><u>3,084,330</u></u>	<u><u>3,333,909</u></u>

The financial statements on pages 33 to 67 were approved by the Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf, by:


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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

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.....  
**Mr Paul Ross**  
(Chair of Trustees)

**THE KING'S SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<b>85,843</b>	135,723
<b>Cash flows from investing activities</b>	22	<b>(147,720)</b>	(222,893)
<b>Cash flows from financing activities</b>	21	<b>(33,570)</b>	(31,983)
<b>Change in cash and cash equivalents in the year</b>		<b>(95,447)</b>	(119,153)
Cash and cash equivalents at the beginning of the year		<b>737,820</b>	856,973
<b>Cash and cash equivalents at the end of the year</b>	23	<b>642,373</b>	737,820

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**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, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The King's School meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

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

The Academy has confirmation from the Local Authority that the outstanding loan cannot be called in or paid back early and therefore the Academy will continue to allocate the loan repayments annually through the revenue budget to ensure it provides for the ongoing liability. This approach ensures the Academy can access the "free reserves" to improve outcomes for students as these will not be called on to pay off the loan.



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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**1. Accounting policies (continued)**

**1.3 Income**

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

- **Grants**

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

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

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

- **Sponsorship income**

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities and catering, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

**1.4 Expenditure**

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.4 Expenditure (continued)**

- **Charitable activities**

These are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.6 Tangible fixed assets**

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 2% on cost
Long-term leasehold property	- 2% on cost
Furniture and fixtures	- 15% to 20% on cost
Computer equipment	- 20% on cost
Motor vehicles	- 20% on cost

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

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**1. Accounting policies (continued)**

**1.7 Stocks**

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

**1.8 Liabilities**

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

**1.9 Provisions**

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

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

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.11 Operating leases**

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

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**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.12 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

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.

**1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes.

**1.14 Fund accounting**

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

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

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

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**THE KING'S SCHOOL**  
**(A company limited by guarantee)**

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

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**2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	26,893	-	-	26,893
Capital Grants	-	-	85,990	85,990
School fund income	-	483,674	-	483,674
	<u>26,893</u>	<u>483,674</u>	<u>85,990</u>	<u>596,557</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	23,660	-	-	23,660
Capital Grants	-	-	17,247	17,247
School fund income	-	274,809	-	274,809
	<u>23,660</u>	<u>274,809</u>	<u>17,247</u>	<u>315,716</u>

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**4. Funding for the academy's educational operations**

	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	5,192,915	<b>5,192,915</b>	4,820,627
Pupil premium	61,926	<b>61,926</b>	58,444
Other DfE/ESFA Revenue grant	60,559	<b>60,559</b>	11,186
Capital Maintenance grant	417,576	<b>417,576</b>	236,441
	<hr/> 5,732,976	<hr/> <b>5,732,976</b>	<hr/> 5,126,698
<b>Other government grants</b>			
SEN funding	35,365	<b>35,365</b>	20,100
	<hr/> 5,768,341	<hr/> <b>5,768,341</b>	<hr/> 5,146,798
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**5. Income from other trading activities**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Catering income	348,647	<b>348,647</b>	261,124
Lettings Income	40,679	<b>40,679</b>	32,690
Other income	53,947	<b>53,947</b>	65,831
Music tuition income	25,882	<b>25,882</b>	59,642
	<hr/> 469,155	<hr/> <b>469,155</b>	<hr/> 419,287
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**6. Investment income**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	2,873	2,873	5,286

**7. Expenditure**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on raising voluntary income:				
Direct costs	-	-	446,027	446,027
Funding for the academy trust's educational operations:				
Direct costs	3,607,134	93,345	467,762	4,168,241
Allocated support costs	909,273	304,320	727,644	1,941,237
	<u>4,516,407</u>	<u>397,665</u>	<u>1,641,433</u>	<u>6,555,505</u>

	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Expenditure on raising voluntary income:				
Direct costs	-	-	266,257	266,257
Funding for the academy trust's educational operations:				
Direct costs	3,434,136	92,324	537,183	4,063,643
Allocated support costs	937,492	323,946	614,463	1,875,901
	<u>4,371,628</u>	<u>416,270</u>	<u>1,417,903</u>	<u>6,205,801</u>



**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>
Funding for the academy trust's educational operations	4,168,241	1,941,237	6,109,478

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Funding for the academy trust's educational operations	4,063,643	1,875,901	5,939,544

**Analysis of direct costs**

	<b>Educational operations 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	3,607,134	3,607,134	3,434,136
Depreciation	212,881	212,881	205,890
Educational supplies	87,785	87,785	83,462
Technology costs	-	-	1,875
Examination fees	139,606	139,606	145,630
Staff development	23,115	23,115	22,973
Other costs	97,720	97,720	169,677
	<u>4,168,241</u>	<u>4,168,241</u>	<u>4,063,643</u>

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Educational operations 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	909,273	<b>909,273</b>	937,492
Technology costs	131,506	<b>131,506</b>	127,475
Maintenance of premises	99,737	<b>99,737</b>	152,586
Cleaning	18,113	<b>18,113</b>	18,403
Rent and rates	62,653	<b>62,653</b>	59,769
Energy costs	108,392	<b>108,392</b>	72,431
Insurance	27,119	<b>27,119</b>	30,810
Security	3,506	<b>3,506</b>	4,575
Transport	6,798	<b>6,798</b>	8,973
Telephone, postage and stationery	27,872	<b>27,872</b>	29,254
Catering	378,320	<b>378,320</b>	283,355
Other costs	35,947	<b>35,947</b>	35,231
Bank interest and charges	35,149	<b>35,149</b>	35,615
Operating leases - other	35,193	<b>35,193</b>	34,028
Auditor's remuneration	15,483	<b>15,483</b>	9,513
Legal and professional fees	46,176	<b>46,176</b>	36,391
	<u>1,941,237</u>	<u><b>1,941,237</b></u>	<u>1,875,901</u>

During the year ended 31 August 2019, the Academy incurred the following Governance costs:

£61,659 (2018- £45,904) included within the table above in respect of Funding for the academy trust's educational operations.

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	35,193	34,028
Depreciation of tangible fixed assets	212,881	205,890
Fees paid to auditors for:		
- audit	6,250	6,250
- other services	9,233	3,263
	<u>6,250</u>	<u>6,250</u>
	<u>9,233</u>	<u>3,263</u>

**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,403,284	3,320,231
Social security costs	319,311	314,337
Pension costs	695,219	678,478
	<u>4,417,814</u>	<u>4,313,046</u>
Agency staff costs	74,593	58,582
Staff restructuring costs	24,000	-
	<u>4,516,407</u>	<u>4,371,628</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	24,000	-
	<u>24,000</u>	<u>-</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £24,000 (2018: £NIL) which comprises 1 payment.

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**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**10. Staff costs (continued)**

**c. Staff numbers**

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Teachers	<b>65</b>	<i>66</i>
Admin and Support	<b>58</b>	<i>51</i>
Management	<b>1</b>	<i>1</i>
	<hr/> <b>124</b> <hr/>	<hr/> <i>118</i> <hr/>

**d. Higher paid staff**

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>2</b>	<i>3</i>
In the band £80,001 - £90,000	<b>1</b>	<i>-</i>
In the band £90,001 - £100,000	<b>-</b>	<i>1</i>
	<hr/> <b>-</b> <hr/>	<hr/> <i>1</i> <hr/>

**e. Key management personnel**

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £581,706 (2018: £570,704).

**THE KING'S SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**11. Trustees' remuneration and expenses**

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

		2019 £	2018 £
Mr Simon Pickett, Head Master and Accounting Officer (appointed 1 September 2018)	Remuneration	85,000 - 90,000	<i>nil</i>
	Pension contributions paid	10,000 - 15,000	<i>nil</i>
Ms Sara Jones, Teacher Staff Governor	Remuneration	45,000 - 50,000	40,000 - 45,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mrs Julie Parker (appointed 9 October 2018)	Remuneration	15,000 - 20,000	<i>nil</i>
	Pension contributions paid	0 - 5,000	<i>nil</i>
Mr Frank Hedley, Head Master and Accounting Officer (resigned 31 August 2018)	Remuneration	<i>nil</i>	95,000 - 100,000
	Pension contributions paid	<i>nil</i>	15,000 - 20,000
Mrs Joanne Cropper, Support Staff Governor (resigned 31 August 2018)	Remuneration	<i>nil</i>	35,000 - 40,000
	Pension contributions paid	<i>nil</i>	5,000 - 10,000

During the year ended 31 August 2019, expenses totalling £1,346 were reimbursed or paid directly to 4 Trustees (2018 - £1,477 to 5 Trustees) in relation to travel expenses.

**12. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,099 (2018 - £125). The cost of this insurance is included in the total insurance cost.

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**13. Tangible fixed assets**

	Leasehold Land and Buildings £	Freehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>							
At 1 September 2018	1,628,952	3,000,000	457,273	264,066	193,328	22,220	5,565,839
Additions	115,620	-	557	-	120,406	-	236,583
At 31 August 2019	1,744,572	3,000,000	457,830	264,066	313,734	22,220	5,802,422
<b>Depreciation</b>							
At 1 September 2018	158,874	425,000	209,298	179,727	148,419	19,998	1,141,316
Charge for the year	33,345	60,000	65,147	33,155	19,012	2,222	212,881
At 31 August 2019	192,219	485,000	274,445	212,882	167,431	22,220	1,354,197
<b>Net book value</b>							
At 31 August 2019	1,552,353	2,515,000	183,385	51,184	146,303	-	4,448,225
At 31 August 2018	1,470,078	2,575,000	247,975	84,339	44,909	2,222	4,424,523

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

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**13. Tangible fixed assets (continued)**

The King's School Trust owns all of the land and buildings occupied by the Academy, which is leased for zero rent, with the exception of the Newton Building which is owned directly by the Academy and included in freehold property above.

**14. Stocks**

	2019 £	2018 £
Cleaning and stationery stocks	1,035	730

**15. Debtors**

	2019 £	2018 £
Trade debtors	9,395	4,230
VAT repayable	36,117	59,915
Prepayments and accrued income	371,269	137,728
Other debtors	2,095	-
	<u>418,876</u>	<u>201,873</u>

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FOR THE YEAR ENDED 31 AUGUST 2019**

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Other loans	35,235	33,570
Trade creditors	38,057	235,792
Other taxation and social security	81,631	78,096
Other creditors	17,440	81,982
Accruals and deferred income	136,422	172,436
	<u>308,785</u>	<u>601,876</u>
	2019 £	2018 £
Deferred income at 1 September 2018	128,952	66,069
Resources deferred during the year	74,287	128,952
Amounts released from previous periods	(128,952)	(66,069)
	<u>74,287</u>	<u>128,952</u>

Deferred income relates to school fund income received in advance.

**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Other loans	519,394	529,161

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019 £	2018 £
Payable or repayable by instalments	349,905	377,387
	<u>349,905</u>	<u>377,387</u>

Other loans principally comprises of 2 amounts:

- 1) A 25-year loan from Lincolnshire County Council, repayable by way of half-yearly instalments of capital and interest. The loan is unsecured but carries interest at a fixed rate of 4.9% per annum.
- 2) A 10 year Capital Improvement Funding loan, first installment due 2020/21, with yearly instalments due after that. Interest is charged at a fixed rate of 2.22% per annum.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Other income not for capital purposes	585,342	498,921	(348,498)	-	-	735,765
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(148,211)</u>	<u>498,921</u>	<u>(348,498)</u>	<u>-</u>	<u>-</u>	<u>2,212</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(104,796)	5,192,915	(5,343,696)	(123,533)	-	(379,110)
Other DfE/ESFA Grants	(3,008)	540,061	(17,608)	(93,050)	-	426,395
Other government grants	-	35,365	(14,198)	-	-	21,167
Invest to Save	(1,661)	-	-	-	-	(1,661)
School fund reserve	67,062	483,674	(451,624)	-	-	99,112
Pension reserve	(900,000)	-	(167,000)	-	(531,000)	(1,598,000)
	<u>(942,403)</u>	<u>6,252,015</u>	<u>(5,994,126)</u>	<u>(216,583)</u>	<u>(531,000)</u>	<u>(1,432,097)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,354,704	85,990	(50,584)	167,882	-	1,557,992
Fixed assets funded from GAG	376,626	-	(60,632)	74,584	-	390,578
Fixed assets funded from other income	2,693,193	-	(101,665)	(25,883)	-	2,565,645

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds (continued)**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
	4,424,523	85,990	(212,881)	216,583	-	4,514,215
<b>Total Restricted funds</b>	<b>3,482,120</b>	<b>6,338,005</b>	<b>(6,207,007)</b>	<b>-</b>	<b>(531,000)</b>	<b>3,082,118</b>
<b>Total funds</b>	<b>3,333,909</b>	<b>6,836,926</b>	<b>(6,555,505)</b>	<b>-</b>	<b>(531,000)</b>	<b>3,084,330</b>

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

Unrestricted funds include a transfer on conversion which represents a local authority loan on conversion inherited from the predecessor school which is repayable over a 25 year period.

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DfE/ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupil's education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The School Fund comprises trip income and expenses. The income and expenses are deferred where the trip occurs in the following year.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount of £256,000 included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £531,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed

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

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**18. Statement of funds (continued)**

assets.

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

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

**18. Statement of funds (continued)**

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>						
Other income not for capital purposes	567,753	448,233	(430,644)	-	-	585,342
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(165,800)</u>	<u>448,233</u>	<u>(430,644)</u>	<u>-</u>	<u>-</u>	<u>(148,211)</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	4,820,627	(4,946,293)	20,870	-	(104,796)
Other DfE/ESFA Grants	12,803	306,071	(91,093)	(230,789)	-	(3,008)
Other grants and restricted income	69,036	20,100	(89,136)	-	-	-
Invest to Save	(1,661)	-	-	-	-	(1,661)
Other income restricted	5,488	-	(5,488)	-	-	-
School fund reserve	58,510	274,809	(266,257)	-	-	67,062
Pension reserve	(1,052,000)	-	(171,000)	-	323,000	(900,000)
	<u>(907,824)</u>	<u>5,421,607</u>	<u>(5,569,267)</u>	<u>(209,919)</u>	<u>323,000</u>	<u>(942,403)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,170,874	17,247	(40,406)	206,989	-	1,354,704

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds (continued)**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed assets funded from GAG	475,361	-	(101,665)	2,930	-	376,626
Fixed assets funded from other income	2,757,012	-	(63,819)	-	-	2,693,193
	<u>4,403,247</u>	<u>17,247</u>	<u>(205,890)</u>	<u>209,919</u>	<u>-</u>	<u>4,424,523</u>
<b>Total Restricted funds</b>	<u>3,495,423</u>	<u>5,438,854</u>	<u>(5,775,157)</u>	<u>-</u>	<u>323,000</u>	<u>3,482,120</u>
<b>Total funds</b>	<u>3,329,623</u>	<u>5,887,087</u>	<u>(6,205,801)</u>	<u>-</u>	<u>323,000</u>	<u>3,333,909</u>

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	4,448,225	4,448,225
Current assets	2,212	994,082	65,990	1,062,284
Creditors due within one year	-	(308,785)	-	(308,785)
Creditors due in more than one year	-	(519,394)	-	(519,394)
Provisions for liabilities and charges	-	(1,598,000)	-	(1,598,000)
<b>Total</b>	<u>2,212</u>	<u>(1,432,097)</u>	<u>4,514,215</u>	<u>3,084,330</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	4,424,523	4,424,523
Current assets	414,520	525,903	-	940,423
Creditors due within one year	(33,570)	(568,306)	-	(601,876)
Creditors due in more than one year	(529,161)	-	-	(529,161)
Provisions for liabilities and charges	-	(900,000)	-	(900,000)
<b>Total</b>	<b>(148,211)</b>	<b>(942,403)</b>	<b>4,424,523</b>	<b>3,333,909</b>

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

	<b>2019 £</b>	<b>2018 £</b>
Net income/(expenditure) for the year (as per statement of financial activities)	<b>281,421</b>	<b>(318,714)</b>
<b>Adjustments for:</b>		
Depreciation	<b>212,881</b>	<b>205,890</b>
Interest receivable	<b>(2,873)</b>	<b>(5,070)</b>
(Increase)/decrease in stocks	<b>(305)</b>	<b>5,874</b>
Increase in debtors	<b>(214,908)</b>	<b>(54,408)</b>
(Decrease)/increase in creditors	<b>(271,383)</b>	<b>154,154</b>
Capital grants from DfE and other capital income	<b>(85,990)</b>	<b>(23,003)</b>
Defined benefit pension scheme cost less contributions payable	<b>140,000</b>	<b>143,000</b>
Defined benefit pension scheme finance cost	<b>27,000</b>	<b>28,000</b>
<b>Net cash provided by operating activities</b>	<b>85,843</b>	<b>135,723</b>

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**21. Cash flows from financing activities**

	2019 £	2018 £
Repayments of borrowing	(33,570)	(31,983)
<b>Net cash used in financing activities</b>	<b>(33,570)</b>	<b>(31,983)</b>

**22. Cash flows from investing activities**

	2019 £	2018 £
Dividends, interest and rents from investments	2,873	5,070
Purchase of tangible fixed assets	(236,583)	(250,966)
Capital grants from DfE Group	85,990	23,003
<b>Net cash used in investing activities</b>	<b>(147,720)</b>	<b>(222,893)</b>

**23. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	642,373	737,820
<b>Total cash and cash equivalents</b>	<b>642,373</b>	<b>737,820</b>

**24. Contingent liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of state sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Capital commitments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Contracted for but not provided in these financial statements</b>		
Repairs, maintenance or enhancements to property	<b>385,004</b>	<b>-</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. Pension commitments**

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

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

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

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**26. Pension commitments (continued)**

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

The employer's pension costs paid to TPS in the year amounted to £420,369 (2018 - £405,964).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £175,000 (2018 - £170,000), of which employer's contributions totalled £134,000 (2018 - £129,000) and employees' contributions totalled £ 41,000 (2018 - £41,000). The agreed contribution rates for future years are 19.85 per cent for employers and 5.5 to 12.5 per cent for employees.

The LGPS is in deficit. In order to finance the academy's share of the deficit, the academy trust has entered into an agreement to make additional lump sum contributions in addition to the normal funding levels for future years. The agreed additional contribution for the next three years is £2,000 p.a.

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**

	2019	2018
	%	%
Rate of increase in salaries	2.70	2.80
Rate of increase for pensions in payment/inflation	2.30	2.4
Discount rate for scheme liabilities	1.80	2.8

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	<b>103</b>	76
Salary increase rate +0.1%	<b>16</b>	13
Pension increase rate +0.1%	<b>85</b>	62

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

	<b>At 31 August 2019</b>	<b>At 31 August 2018</b>
	<b>£</b>	<b>£</b>
Equities	<b>1,700,000</b>	1,492,000
Corporate bonds	<b>373,000</b>	307,000
Property	<b>233,000</b>	225,000
Cash and other liquid assets	<b>23,000</b>	20,000
<b>Total market value of assets</b>	<b>2,329,000</b>	2,044,000

The actual return on scheme assets was £59,000 (2018 - £46,000).

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>(256,000)</b>	(272,000)
Past service cost	<b>(18,000)</b>	-
Interest income	<b>59,000</b>	46,000
Interest cost	<b>(86,000)</b>	(74,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(301,000)</b>	(300,000)

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,944,000</b>	<b>2,801,000</b>
Current service cost	256,000	272,000
Interest cost	86,000	74,000
Employee contributions	41,000	41,000
Actuarial losses/(gains)	601,000	(225,000)
Benefits paid	(19,000)	(19,000)
Past service costs	18,000	-
<b>At 31 August</b>	<b>3,927,000</b>	<b>2,944,000</b>

The actuary has allowed for the approximate impact of the McCloud judgement, which is shown as the Past Service Costs figure.

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,044,000</b>	<b>1,749,000</b>
Interest income	59,000	46,000
Actuarial gains	70,000	98,000
Employer contributions	134,000	129,000
Employee contributions	41,000	41,000
Benefits paid	(19,000)	(19,000)
<b>At 31 August</b>	<b>2,329,000</b>	<b>2,044,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. Operating lease commitments**

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

	2019 £	2018 £
Not later than 1 year	10,958	33,618
Later than 1 year and not later than 5 years	1,513	12,471
	<u>12,471</u>	<u>46,089</u>

**28. Members' liability**

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

**29. Related party transactions**

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

**30. Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £10,735 (2018: £11,186) and dispersed £4,448 (2018: £11,455) from the fund. An amount of £11,451 (2018: £5,164) is included in other creditors relating to undistributed funds that is repayable to ESFA.